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Customer research of the Moscow market for the linguistic company “Hop & Scotch”

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<p>The purpose of the thesis is to analyse potential clients for the linguistic company Hop & Scotch on the moscow market.</p> <p>The objectives of the thesis are:</p> <ul style="list-style-type: none">• To gain and analyze information about Moscow linguistic market;• To gain and analyze information about potential customers <p>The following theories have been used in the research process: Porter's five forces of industry, segmentation theory, 7P Service marketing mix, Service quality theory and SWOT Analysis.</p> <p>The qualitative methods have been used in the thesis such as the following: Interview, survey and academic literature analysis.</p> <p>The research has provided information about the potential clients. It can be said that the Hop & Scotch policy related to service development, price, human resources, teaching process, physical evidence is legitimate for the moscow market as to the St. Petersburg. However several new ideas have been developed. Such as it is not necessary to hold its own classrooms in moscow, the focus should be made on english language and the potential segment of companies can be broaden.</p> <p>The research results are reliable as the research have been based on proved theoretical sources and appropriate and accurately applied methodology. The validity of the research is 1-2 years.</p>	
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1 INTRODUCTION

The Modern world has become global, and business has become international as well. Nowadays in order to work in a successful company problem need to be solved with different people. More and more companies enter international markets, and there are companies, which were born as international, from the beginning. There are lots of studies, articles and even textbooks that claim the importance of being international. This trend touches not only big businesses but all average people. Even without thorough research we can see this trend. Studying English, the language of international community and problem solving became not only the tool but the idea of better life and more and more people in developing countries studying English in hope of this better life. The ability of speaking foreign languages became the priority of educated and rich class and all people who realized it seek to achieve this status.

Our thesis is dedicated to Russian St. Petersburg linguistic company Hop & Scotch. The company is operating in luxury and average income segment of people who wants more individualistic service and personal approach in learning languages, as well as providing advanced linguistic support to business area. The company successfully works in its city and developing its services.

Moscow is the heart of the Russian Federation, the political, social, cultural, economic and financial center of the country. The majority of trade activity and financial flows are concentrated in this cluster. Here live and work the richest, the most educated and the most modern population of Russia. It may be seen as a good territory to expend Hop & Scotch business.

Moscow linguistic companies operate in different segments and have various business models. Some companies adopt business to customer model, other companies choose business-to-business model. There are companies in all income segments, from low to luxury, operating with small local firms, or with huge international companies. Even though the market can be promising, there are plenty of players on the market already and it is important to study and analyze them, identify their general strategies. It is also crucial to understand customers, their background, needs and financial possibilities. In other words, general information about market trends, possible customers and competitors is needed before creating the right penetration

strategy. Based on the gained and analyzed data Hop & Scotch will be able to conduct a proper positioning on the Moscow market. In the thesis the focus will be on potential clients' analysis.

The objectives of the thesis are:

- To gain and analyze information about Moscow linguistic market;
- To gain and analyze information about potential customers in Moscow.

2 RESEARCH METHODOLOGY

Identifying the right methods is crucial for conducting a proper marketing research that will fulfill company's needs. Considering the fact that this research will primarily focus on gaining and analyzing general information about the market conditions and customers, qualitative methods are going to be used. Qualitative methods provide researchers with general ideas about market conditions, it have exploratory nature. It will create the foundation for future researches of Moscow linguistic market. Following methods will be used in the research process: interview, survey and academic literature analysis.

The contact person from Hop & Scotch has been interviewed in order to collect information about the company and the market. This method is extremely important for the research process, because it allows the researchers to conduct not an isolated research but to stay in touch with company's strategy, view, needs. Hence, it allows benefiting the commissioning party, the Hop & Scotch Company, improving research results. It provided important information about the market and gave the researchers a better understanding of the market and business' problems.

The qualitative survey has been implemented in order to collect additional information from the potential Hop & Scotch clients. This research will focus on business-to-business model. The survey based on a questionnaire. It is usually used when less statistical accuracy is required and general ideas and information is needed. Properly conducted qualitative survey provides researchers with rich and comprehensive data. The method is used in order to collect information about potential Moscow customers' preferences and needs.

Survey results greatly depend on a research design. It is crucial to choose the right population, sample and format, and formulate the right questions, which are based on theory. Qualitative survey requires the usage of open questions. However, sometimes the list of choices is needed in order to clarify the question to the respondent. In such cases, the list should include the answer "other" and a blank space for a detailed response; otherwise the valuable data can be lost. The questionnaire should be formulated according to the research structure, or in other words, research design. Such wise, the questions have been based on a qualitative survey method theory, 7P service marketing mix and Service quality hierarchical model by Brady & Cronin. The questions based on the aforecited theory helped to collect the potential clients'

preferences in linguistic services, distinguish less and more important aspects of the service. This information will be valuable for the development of competitive strategy on the Moscow market.

The way to deliver the questionnaire is also important. According to some sources¹, the best way is via face-to-face survey, as it enables the researcher to encourage respondents to answer in a more comprehensive manner. However, here the Internet survey can be seen as a more preferable solution. The advantages of the Internet survey are the following. Firstly, it saves time spent to collect data for the researcher, but most importantly, it saves time for the respondent companies. All respondents are the managers of actual companies with a busy timetable and the less time it takes to answer the questions, the higher the respond rate in general. According to this, it was also decided not to ask more than twenty questions at a time. Secondly, the Internet survey can be sent to a bigger amount of companies, increasing the amount of data. Finally, it is easier to analyze the results. Survio.com have been used as a tool in order to collect the answers.

Not only primary but secondary data have been collected. Internet, scientific articles and study textbooks are the major sources. It allowed the creation of the theoretical basement for the research.

¹ MacDonald, S. & Headlam, N. (n.d.). Research Methods Handbook: Introductory guide to research methods for social research. CLES

3 THEORETICAL BACKGROUND

It is necessary to understand the way to conduct the study, or in other words create a research design before implementation of the research itself. Thus in this part of the thesis the theoretical background has been explained. Several theoretic frameworks and tools have been used for the research needs.

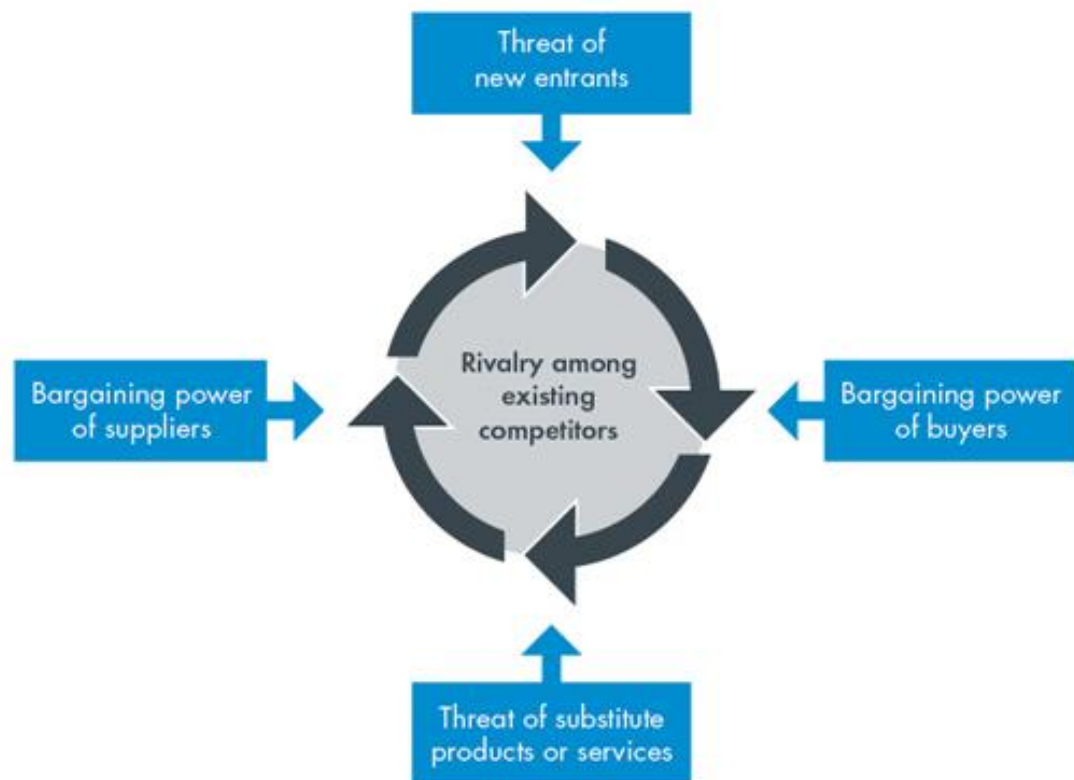


Figure 1. Porter's five forces of industry competition

3.1. Porter's five forces of industry competition

A huge environment surrounds companies, though the key aspect of it is the industry in which the firm is operating. Michael Porter formulated five main forces of rivalry in the industry².

² Porter. M. (1998). Competitive strategy: techniques for analyzing industries and competitors: with a new introduction. The Free Press., page 4

The understanding of these forces is crucial for formulating the companies' strategy and reaching the success on the market. The model is appreciated and proved by the majority of researchers and practitioners from all over the world.

As it was mentioned, in general the competition inside an industry depends on five main forces. The objective of the company is to find the position on the market, which would allow to efficiently defend itself against these forces or effect them in a positive for the company ways.

As it can be seen from the Figure 1, these forces are³: The bargaining power of suppliers and buyers, threats of new entrants, threat of substitute products and rivalry between existing players on the market. The bargaining power of suppliers and buyers represent the power obtained by them in order to influence price, product quality policy of the company or in any other way. Threat of new entrants mostly depends on how high is the entrance barrier to the market, in other words how much resources has to be spent to start operating on the market. Also all industries are affected by other industries, so-called industries of substitute products. There are many examples how the emerging of new substitute product significantly changed situation on the particular market. For example CD production in the developed countries has been reduced by the emergence of a DVD format, and later it was replaced by a Blue-ray. Nowadays, there are trends of replacement of physical format by cloud technologies. The invention of television has changed the radio industry, and the invention of the Internet has changed the television industry.

3.1.1 Intensity of rivalry among existing competitors

The companies are interdependent and each moves of a certain company more or less can effect the other ones and the situation on the oligopoly market. "Firms are mutually dependent". The whole intensity of the rivalry depends on several factors⁴.

³ Porter. M. (1998). Competitive strategy: techniques for analyzing industries and competitors: with a new introduction. The Free Press.

⁴ Ibid, page 17

Numerous or equally balanced competitors

When there are plenty of firms operating on the market, or a few of them, but relatively balanced in terms of strength, some companies' top managers could start to think that their marketing decisions would not influence other companies and rules of the games on the market, although some of the moves are able to destabilize the whole system, to force other firms to retaliate and reduce average revenues on the market. Such wise, usually in oligopoly companies seek to find compromises and to solve issues through discussions, trying to escape open fighting, especially price wars.⁵

Slow industry growth

Slow industry growth usually significantly increases the tension on the market. When an industry has fast growing rates, the companies seeking for the business expansion satisfy this willingness with a new space on the market. Thus, after development of the industry, growth rates decline, no additional space for operating is available anymore, thus there is only one way to expand the business – increase company's market share. Fighting for the market share increases the rivalry, making it tougher for weak companies.⁶

High fixed or storage costs

High fixed or storage costs impose companies to produce more product/services, which leads to price-cutting when excess capacity is present. It also usually increases exit barriers.⁷

Lack of differentiation or switching costs

It is harder to operate on the markets characterized by lack of differentiation in products/services. The competition is primary based on price rivalry, which is a tough method to succeed. Product/service differentiation and big switching cost provide more convenient ways to compete, increasing average market profits.⁸

⁵ Porter. M. (1998). Competitive strategy: techniques for analyzing industries and competitors: with a new introduction. The Free Press, Page 18

⁶ Ibid, Page 18

⁷ Ibid, Page 18

⁸ Ibid, Page 19

Capacity augmented in large increments

There are some industries, where products/services can be produced only in big portions. It can lead to overcapacity, declining of the average price level, tougher rivalry.⁹

Diverse competitors and high strategic stakes

There are companies operating on the different markets. Such companies could perceive the situation on the particular markets in a different way than the companies operating only on the one market. Such diverse companies may operate even in non-profit conditions, if the market is strategically important for them. It causes many problems for one-market companies, making rivalry significantly tougher or even making it unbearable.¹⁰

High exit barriers

Quite big importance is playing the level of exit borders on the particular market. According to Michael Porter¹¹, Exit barriers are economic, strategic, and emotional factors that keep companies competing in businesses even though they may be earning low or even negative returns on investment. The influence of both levels of entrance and exit barriers on profitability rates inside the market can be illustrated on the Figure 2. The best option for the company is the case with high entry barriers and low exit barriers. Such a market characterized by low threat of new entrants and decreasing intensity of rivalry among existing players, because unsuccessful companies tend to exit market, giving space for the strongest ones and increasing profitability rates.

⁹ Porter. M. (1998). Competitive strategy: techniques for analyzing industries and competitors: with a new introduction. The Free Press, Page 19

¹⁰ Ibid, page 20

¹¹ Ibid, page 20

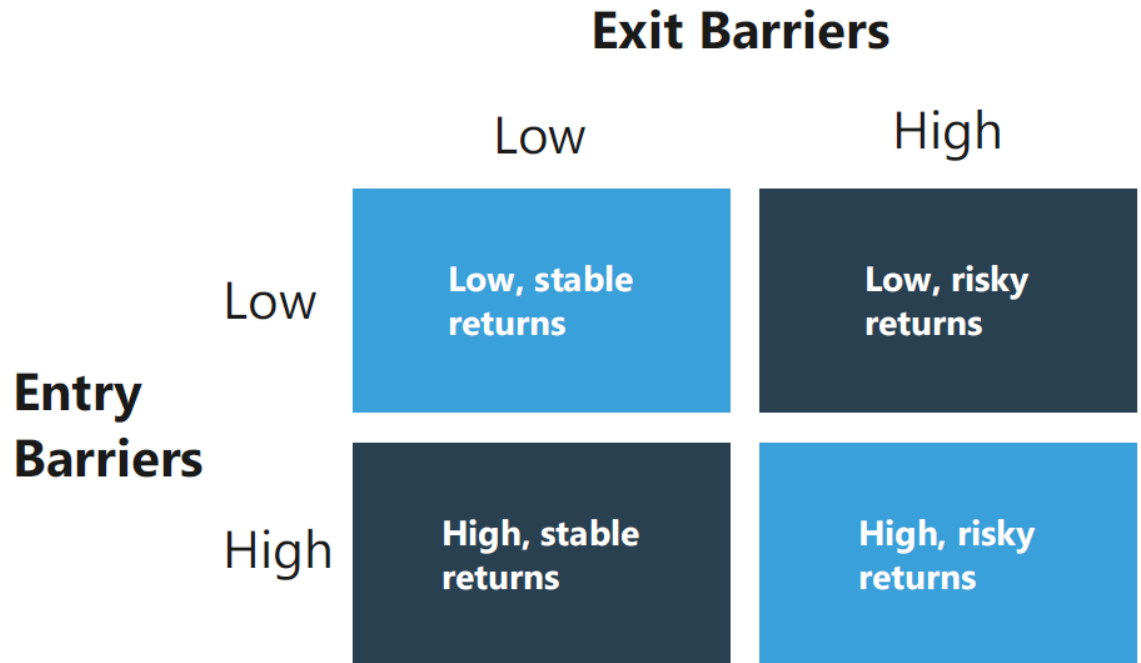


Figure 2. Barriers and profitability matrix.

3.1.2 Bargaining power of buyers

A bargaining power of buyers means the ability of buyers, whether consumers, mediators or resellers to influence the company, affect its price and other politics, or even dictate its position. Quite often buyers bargaining power is represented not by a single player, but by a buyer group. It is powerful when following situations happen to be true¹².

It is concentrated or purchases large volumes relative to seller sales. It is rarely happen when there are only one or few important buyers, usually only in military or high-tech industries, however in service industries quite often a group of buyers has quite a lot power.¹³

The products it purchases from the industry represent a significant fraction of the buyers' costs or purchases or it earns low profits. Customers are usually price sensitive in such situations, and seek to reduce their costs as much as they can, and seek for cheaper variations.¹⁴

¹² Porter. M. (1998). Competitive strategy: techniques for analyzing industries and competitors: with a new introduction. The Free Press, page 24

¹³ Ibid, page 24

¹⁴ Ibid, page 25

The products it purchases from the industry are standard or undifferentiated and faces few switching costs¹⁵. This means the customer is interested in the cheapest option, and can switch to competitors easily.

Buyers pose a credible threat of backward integration¹⁶. If the buyers are integrated or have an ability to start integration, they are seeking for some concessions. It can be blocked for example by creating some business in buyers industry in order to understand their market better, or any other way to collect more information. Thus a threat of forward integration is an option to decrease buyer power.

The industry's product is unimportant to the quality of the buyer's products or services¹⁷. Such a situation makes buyers more price sensitive, because in reduce differentiation of the industry's product.

The buyer has full information¹⁸, which means it is able to understand your business and debate on equal rights.

There are some ways to alter the buyers' power. For example a company can specialize on a specific segment, the one that is more favorable. It can diversify its business, offer more products/services, differentiate them, increase switching costs for already existing customers creating and maintaining long term-relationships with them.

3.2 Customer focus

Market segmentation is a marketing strategy that involves dividing a broad target market into subsets of consumers who have common needs and priorities. Company's design and implement strategies to target them. Market segmentation strategies are used to find the target consumers, provide additional information for positioning. Businesses may use product/service differentiation strategies, or the strategy of cost leadership, involving specific products, product lines and methods depending on the particular demand and features of the target segment.

¹⁵ Porter. M. (1998). Competitive strategy: techniques for analyzing industries and competitors: with a new introduction. The Free Press, page 25

¹⁶ Ibid, page 25

¹⁷ Ibid, page 25

¹⁸ Ibid, page 25

Methods for segmenting consumer markets¹⁹:

- Geographic Segmentation
- Demographic Segmentation
- Behavioral Segmentation
- Income segmentation
- Segmentation by benefits

Segmentation is one of the most important principles of the market, broadly used by marketers in planning and strategizing. It is crucial to focus on servicing the particular type of customers, in order to satisfy sophisticated needs on the saturated market. The understanding of segmentation theory is imperative to determine the population and sample for the marketing research.

3.3 Marketing mix

The marketing mix is a business tool also known as the four P's: price, product, promotion, and place. There are several variations of the marketing mix and there are still discussions among academics about reliability of these versions. In service marketing, for example, the four Ps are expanded to the seven P's or even eight P's and covers the different aspects of services. Nonetheless, the marketing mix is considered as the core of whole marketing theory, or at least the important part of it. It is vital to understand the marketing mix theory in order to understand the marketing strategy of the company and why the company persuades it.

3.3.1 7P Service Marketing Mix

Service marketing is a special domain of marketing science, which primarily focuses on the services. Service marketing usually refers to the marketing of both business to consumer and business-to-business models. There are 5 widely used fundamentals of Service²⁰.

Intangibility: it is one of the most important and obvious fundamentals of service. People cannot touch the services, carry them or store. However they are valuable to the people.

¹⁹ Kotler P. & Armstrong G. (2012) Principles of Marketing. Pearson Education Limited, p 190

²⁰ Lovelock C. & Wright L. (1999) Principles of Service Marketing & Management, Prentice Hall, p 6.

Heterogeneity: Also known as variability, this fundamental explains how each service encounter is different. There are several reasons for it; it could be situational factors as well as personal factors of consumers and seller. However even one person could react and experience differently on the same situational and personal service. It is important to understand that this happens due to the nature of services.

Simultaneous production and consumption: there is no time between production and consumption of services, unlike the products. Both employees and customers affect the service outcome. It has importance for both internal and external marketing of the company. That's why the service companies are greatly concerned about the quality of employees.

Perishability: services cannot be resold or transported to another consumers, neither be stored. Careful planning and implementation of the market research became vital for the service company. Ignoring the fundamental can lead to over-demand or alternatively unused capacity.

Lack of Ownership: Services have an experiential nature. The one cannot store, transport services or use it twice. Sometimes it is hard for the customer to compare different services, thus the companies' tries to differentiate their services with physical evidence.

The 7 P's of Services Marketing²¹:

- Product
- Pricing
- Place
- Promotion
- People
- Process
- Physical Evidence

²¹ Constantinides, E. (2006) The Marketing Mix Revisited: Towards the 21st Century Marketing. Journal of Marketing Management. 22, 407-438, page 418



Figure 3. The 7 P's of Services Marketing

Product is any item that satisfies customer's needs. It can be seen as a tangible goods, as well as in a broader sense, as intangible services. The product policy has significant importance for the companies, which pursue differentiation strategy.

Pricing policy represents another significant part of the whole marketing strategy. The particular pricing strategy is based on several factors. It is effected by the product life cycle, price elasticity and pricing strategies of another companies. Pricing strategy is impossible without connection to overall company strategy.

Place or Distribution is related to the way the company sells its products, services. It is related to the best place to sell it in order to reach the customer. It includes several strategies such as intensive distribution, selective distribution, exclusive distribution and franchising. Intensive distribution is used when the company aims mass consumer and sells the product to big retailers and outlets. It is common for basic supplies and food. Selective distribution means that producer sells its products to several intermediates. It is common for specialized products.

Exclusive distribution is common for luxury sector. Franchising is the strategy, refers to outsourcing of distribution function to other intermediates in order to save resources and accelerate the company's market expansion. It is also common for mass product.

Promotion is any popularization and providing information about the product to customers and general public. It includes public relations, branding, sales promotion and advertising.

There are also 3 more P's special for services.

People – the human resources policy. Services are provided by people, thus their professionalism and motivation is crucial for service business.

Process – managing the process of services production and delivery and dealing with related to them problems. Every service company should improve service operations and consumer experience in order to build long term relationships with the consumer, especially firms which aim to luxury segment.

Physical Evidence. This aspect of marketing mix is created in order to erase the outflows of intangible nature of services. It includes additional to service physical items, which reminds consumer of service that has been done. It can be various accessories, business cards and any gifts.

3.3.2 Service quality factors

In recent decades managers realized the fact, that in order to stay competitive on the market company needs to improve the quality of its products and services. It is vital not only to seek for new customers but to save the loyalty of the current one. In order to improve customer satisfaction, companies need to improve the quality of its services. There were several models of service quality structure and tools for measuring it introduced by the researchers in the past decades. The most popular and reliable one are Nordic model by Gronroos, SERVQUAL model by Parasuraman et al, The Multilevel model by Dabholkar et al and Hierarchical model by Brady & Cronin. The comparisons and analysis of the models were introduced in the review of service quality models²². The Nordic model has been one of the first attempts to conceptualize the service quality. Though it described some ideas about its nature, such as customer perception of the quality through functional and technical dimensions, the model have not

²² Ghotbabadi A.R., Baharun R. & Feiz S. (2012) A Review of service quality models, University Technology Malaysia.

been comprehensive enough, and even with further improvements, the practical implication of the model have been limited. The SERVQUAL model suggested five new dimensions of service quality: Reliability, Responsiveness, Assurances, Empathy, and Tangibility. However, it did not “offer a clear measurement method” and was “inconsistent and not comprehensive for different applications”²³. The Multilevel model advanced the understanding of service quality, proposing the three-stage structure. Though in general, it was more comprehensive than previous models, it still needed to be generalized for different spheres.

Hierarchical model represents the combination of the previous models. It describes the five dimensions of the SERVQUAL model, propose three dimensions of customer perception of the service: Interaction quality (functional quality), Physical environment quality and Outcome quality (technical quality). Finally, it adopted the multilevel structure and specified the sub-dimensions. The model has several modifications and thus applicable to different spheres of business. The model has been proved as reliable by the researchers and practitioners: “Some researchers work on the hierarchical model and found the reliability for this framework in various services”²⁴. The overall structure is depicted on the figure 4.

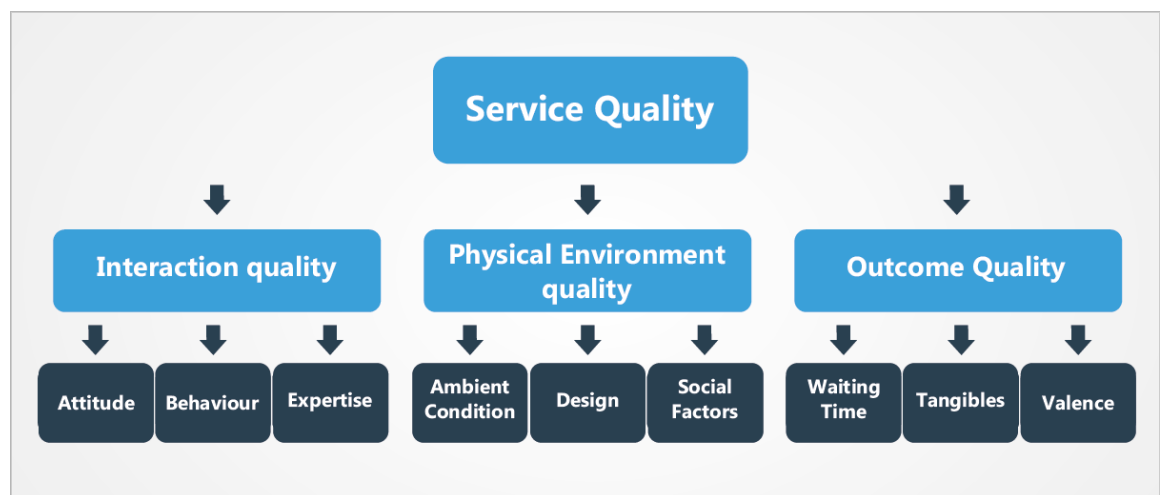


Figure 4. The hierarchical model by Brady & Cronin.

²³ Ghotbabadi A.R., Baharun R. & Feiz S. (2012) A Review of service quality models, University Technology Malaysia, page 4

²⁴ Ibid, page 6.

3.4 Competitors (SWOT) analysis

Few or many other firms within an industry surround every company, except monopoly, as it was aforementioned, the multiple factors referred to competition determine whether the company is successful or not. Thus it is crucial not only to understand the customers' behavior, but the competitors one as well. One of the most convenient tools is SWOT analysis. It is aimed to determine Strengths, Weaknesses of the rivals, as well as how to use them in order to seize Opportunities and neutralize Threats of the task environment. The analysis is also used for evaluating the company's own position on the market and planning²⁵. Here we are going to describe the main points and steps of this analysis.



Figure 5. SWOT Analysis.

When the researcher is determining the **strengths and weaknesses** of the company, several sub-steps should be done:

- List parameters according to which you evaluate the company
- Determine which parameters are strength and which are weaknesses
- Choose the most important ones and put it into the SWOT matrix.

There are several parameters that are usually having significant impact on the company.

Organization - Here the employees' level of qualification, their motivation in developing of the business, presence of interaction between the company's departments can be evaluated.

²⁵ Kotler P. & Armstrong G. (2012) Principles of Marketing. Pearson Education Limited

Production factor includes evaluation of company's production operations, quality of the services, cost prices, reliability of supply channels and others.

Finances - here can be evaluated cost structure, availability of the investments, turnover, and financial stability of the company.

Innovations – here can be evaluated the frequency of developing new products and services, and any other innovation activity.

Marketing – the amount products/services, brand recognition, price level, advertising efficiency, distribution efficiency, range of additional products/services available for consumers, qualification of the service employee can be evaluated.

The method of determining **market opportunities and threats** are almost identical to the previous method.

- List parameters according to which you evaluate market situation
- Determine which parameters are opportunities and which are threats
- Choose the most important opportunities and threats and put into the SWOT matrix

Following parameter can be chosen as the basement for evaluating the market situation.

Demand factors – market capacity, **growth** rates, demand structure.

Competition factors – the amount of existing competitors, presence of substitutes, level of enter and exit barriers, market share structure.

Distribution factors – the amount of intermediates presence in distribution channels, supply conditions.

Economic factors – currency rates, inflation level, and income level changes, fiscal government policy.

Political and legal factors – political stability level, crime level, legislation changes, corruption level.

Science and technologic factors – science development level, innovation activity level, government supports level of science.

Social and demographics factors – amount of population and sex structure, birth and mortality rates, employment level.

Nature and ecological factors – climate zone, environment, government policy in environment protecting area and public attitudes.

International factors – world stability level, presence of local conflicts.

In order to choose the most important opportunities and threats, two questions should be asked:

- How much is the possibility that this can happen?
- How much impact it can have on the company?

The market and industry condition data the one should obtain through other analyses and tools, such as PEST analysis.

Evaluating your own company's strength and weaknesses and comparing parameters allows answering four questions:

- How can I seize the opportunities using company's strengths?
- Which weaknesses are able to affect reaching the goals?
- Which strengths are able to neutralize existing threats?
- To which threats, aggravated with weaknesses the company should be focused?

One can see that after accomplishing the analyzing, the major directions of company's development and the major problems are formulated.

On the other hand, if analyzing competitors' strength and weaknesses, one can understand competitors' strategies and capabilities, and base its own strategy development on it.

4 COMPANY AND MARKET ANALYSIS

The Hop & Scotch company description and the Moscow market analysis will be depicted in this chapter. It is crucial for the applied research to understand the client's business, otherwise the research will be isolated and would not have the real application. The understanding of customers is significant factor for the development of competitive penetration strategy. The research design and the research results will be presented in the chapter.

4.1 Company description

In this part of the thesis, the marketing mix for Hop & Scotch is presented. It is also necessary to describe the company's mission and vision. The following information is based on the interview with co-founder and Academic Director of Hop & Scotch Ekaterina Tychinskaya.

The company's mission

The mission of Hop & Scotch is commercially profitable, high-quality training of foreign languages. There are many repetitive (aimed at a mass audience) companies with a conservative approach and inflexible policy in the market of foreign language teaching. At the same time, the demand of the more modern, progressive, prosperous parts of the population is not satisfied. The mission of Hop & Scotch is focusing on that part. The business is qualitatively different from others in many criteria and this is the key to success. Important things for the company: home comfort, guaranteed professionalism, modern, effective and interesting learning process. In addition to improving the quality of the standard service, the company aims to create new market niches and occupy the leading position in it.

The company's vision

The vision of Hop & Scotch is to take a leading, expert position on the business education market and among the training providers such as companies and teachers.

Product:

- Foreign language education (English, German, Spanish) in various formats
- Maintaining a linguistic form

- General training
- Translation and language support

Place:

Hop & Scotch has existed since September 2011 and is engaged in the provision of educational, consulting and translation services in St. Petersburg.

Price:

In general the prices of Hop & Scotch courses depend on the type of the course and it is accessible for middle-class customers. The basic courses are cheaper than the company competitors and acceptable for individuals. And the special courses such as IT or designer courses are more expensive.

Promotion:

Hop & Scotch has their own web page, the groups in social networks, such as Facebook and VK, and the teachers of Hop & Scotch constantly organize various promotional exhibitions and events.

People:

The staff is a team of professional, young, sharing teachers, who communicate and understand the positive and negative aspects of working, and are ready to expand the scope of usual duties and their professional outlook.

- Vladimir Ovsyannikov is the CEO of Hop & Scotch. He founded and built company from the ground up, created a stable operation and profitable business. Moreover, Vladimir worked with the project at an early stage of its development and is used to work in a highly competitive environment.
- The Executive Director is Marina Sukhina has extensive experience in organizational leadership of medium and large groups. She is sociable, able to establish and maintain effective communication.
- The Academic Director Ekaterina Tychinskaya has great experience in different areas of the market of foreign languages in Russia, including in leadership positions in other companies. Ekaterina has a great capacity for headhunting and effectively manages the academic process, using flexible and modern methods.

Table 1. Competence of Hop & Scotch teachers.

Name	Position	Language level	Experience	Work at HOP & SCOTCH
1.Ivan Gusev	Translator, linguist, teacher	Fluent	BSU FRGF (Bashkortostan State University); Foreign language teaching for students in levels 1-5 of philology courses	All kinds of projects related to language teaching; English for Specific Purposes: Advertising, Fashion, HoReCa, Digital Advertising, Branding and Design, IT; Exam Preparation: TOEFL, IELTS, CPE
2.Elena Artemyeva	Teacher	Fluent	«Eduka»-center and several English schools in St. Petersburg specializing in children's education	Corporate English; English for Specific Purposes: Fashion, HoReCa, Digital Advertising; Work on «Kids-Project» HOP & SCOTCH; Spanish and English for children at the restaurants of the Group Global Point Family
3.Catherine Bauer	Translator, linguist, teacher	Fluent	Language schools in Ufa	Corporate English
4. Vladimir Skvortsov	Philologist, teacher	Fluent	Language Schools in Saint Petersburg, working with corporate clients	All kinds of projects related to language teaching (General English, levels Beginner-Advanced)
5.Ivan Sokolov	Translator, linguist, lecturer	Fluent	Language Schools in Saint Petersburg, working with adults	Corporate English

Process:

In order to become a major player in the local languages of St. Petersburg and become the chief expert on the market of foreign languages (English, German, Spanish) and furthermore to enter in Moscow market, - the company working process should be well organized. That is why there are some tasks, which are in the implementation stage currently, such as:

- Creation of the infrastructure
- Formalization and optimization of infrastructure processes
- Selecting and recruiting the best (professionally and personally) teachers
- Education and training of teachers within the company
- Development of methodical center:
- Further development and implementation of unique software products
- Formation of clear instructions and recommendations for all areas of professional activity: teaching, monitoring, development of any new software products, training and methodological activities of new employees and methodological center
- Effective Marketing
- Ensure the brand recognition and uniqueness of Hop & Scotch
- Building up an effective scheme of sales of basic and additional products, providing a permanent increase in the company's profits

Customer service process:

A major focus of Hop & Scotch is professional customer service and care. First and foremost, they concentrate on providing a relaxed and comfortable atmosphere for the students. The classrooms are designed and decorated in a modern and cozy style – students may recline on beanbags and are provided with tea, coffee and biscuits. In addition, classes are conducted in a very down-to-earth manner – with plenty of games and activities involving each student in an engaging and friendly manner.

In order to provide the best possible customer service, Hop & Scotch guarantees a no-lateness, no-cancellation policy whereby classes are always run according to schedule without fail. Finally, Hop & Scotch is committed to the success of its student and strives to provide the most detailed, personal and customized feedback to the students regarding their progress and areas, which they need to work on. This ensures a high level of language development.

Physical Evidence:

The Hop & Scotch Company's Physical Evidence leads positive reactions on the customer. The official label colors are orange and blue, which are used with posters, bags, flyers and any other presents and gifts that customers received after different courses and events. For example, Hop & Scotch arranged a «learning by playing» event, where all the guests got brand notepads with a pen. Moreover, there was a special course of teaching certain grammar and vocabulary about felting, where customers were making toys while learning language. This course is designed for advanced customers who want to improve their skills in all spheres, even in sewing. The Hop & Scotch customers have the opportunity to travel around the world with a special program «Surf and Scotch», summer school where students can mix learning different languages with sport, especially one of the most popular and stylish ones – surfing.



Figure 6. H&S Colors and flyers



Figure 7. Flyers from «Learning by Playing» Event

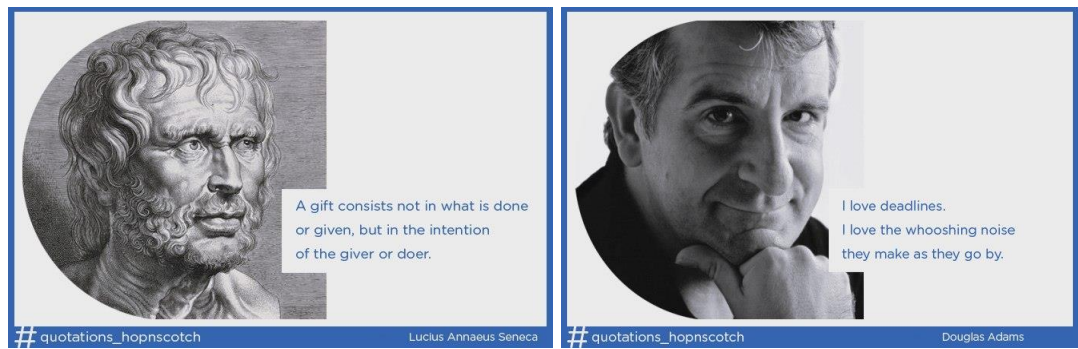


Figure 8. H&S Quotations

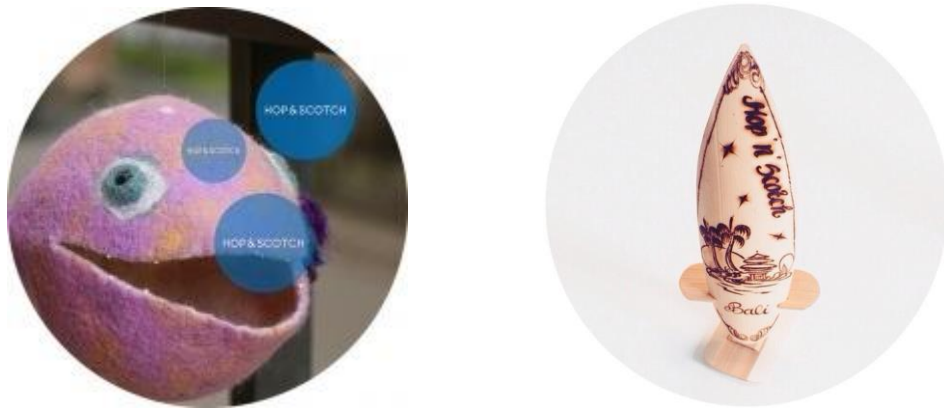


Figure 9. Felting and Surfing

Analyzing the market HOP&SCOTCH

Following information is based on the interview with co-founder and Academic Director of the Hop & Scotch Company Ekaterina Tychinskaya.

Main customers at the moment:

1) Individuals

Socio-demographic characteristics of the customers:

Gender: men, women. Age: 18 - 30.

Residence: St. Petersburg.

Education: High educational degree or in the process of obtaining the degree. Place of work: students of leading universities of St. Petersburg, young entrepreneurs, junior, middle, high level management in progressive companies, representatives of IT-sphere, communication specialists, specialists from international and foreign companies.

Income: average / above average.

2) Companies:

- Global Point Agency (<http://globalpointagency.com>)
- LiveTex (<http://livetex.ru>)
- SoftFacade (<http://www.softfacade.com>)
- Smetana (<http://vsmetane.ru>)
- Ascreen (<http://www.ascreen.ru>)
- ИКРА (<http://www.ikraikra.ru>)

Charecteristics of the companies:

Companies operating in following spheres: IT, marketing, design, luxury services, tourism, traveling, and finances.

Size: small, average, big.

4.2 Competitor analysis

The data collection about the main competitors has been implemented in accordance with the segment of the company through the communication and interview with the Academic Director of the company in St. Petersburg and secondary resources (official web-pages of the company-competitors).

Table 2. Main Competitors

Name	Characteristics	Strengths	Weaknesses
Orange Language Center Secondary data source: http://www.orange-spb.ru	The company provides oral and written language, grammar, reading and listening (perception of foreign speech).	<ul style="list-style-type: none"> • Professionalism of the teaching staff • Well-organized educational process with the achievement of the promised results to customers • The presence of a list of services that meet the most customer needs • Active advertising policy on outdoor advertising, advertising in the subway • The existence of a long time, as a consequence, the presence of the brand corporate image of a reliable, stable company 	<ul style="list-style-type: none"> • Short-sighted leadership, not taking into account the wishes, the ability of employees, as a result, staff turnover, lack of commitment to the company's employees • Unfriendly, formalized policy Data source: information based on interview with Academic Director of H&S and feedback of the clients http://www.spb.schoolrate.ru/about-course/courses_spb/orange_language_centre/

<p>IQ-Consultancy</p> <p>Secondary data source:</p> <p>http://www.iqconsultancy.ru</p>	<p>Company is a recognized as a leader in the Russian market of education abroad.</p>	<ul style="list-style-type: none"> • Long lifetime in the market • Initial focus on the corporate segment • Professional teaching staff • Presence as customers of major companies such as Sberbank of Russia, Tikkurila, Hundai, etc., as a result the reputation of the language services for corporate clients number 1 	<ul style="list-style-type: none"> • Original brand positioning to the specific target audience. Representatives of the traditional and as a consequence of ineffective schools. <p>Data source: information based on interview with Academic Director of H&S and feedback of the clients</p> <p>http://www.spb.schoolrate.ru/about-course/courses_spb/iq-consultancy1/</p>
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<p>Iren Globus Moscow</p> <p>Secondary data source: http://www.apvb.ru/en/</p>	<p>Iren Globus is one of the few companies in providing a wide range of linguistic, philological, editorial and other services both to its countrymen, and foreign clients. Being conceived and set up by professionals in the field of linguistics and philology of the agency “World of Translation”.</p>	<p>Iren Globus has significantly expanded scope of services offered and employ highly qualified translators, interpreters, linguists, philologists, PR specialists and others. High professional qualification and experience of our translators in various spheres :</p> <p>Technical / Engineering Medical Legal Business Finance / Economics Marketing Oil / Gas Building / Construction Agricultural</p>	<p>Very expensive price, unfriendly atmosphere, bad organized service within office.</p> <p>Data source: observation method – company visit</p>
<p>Moscow linguistic center</p> <p>Secondary data source: http://www.language-learning.ru</p>	<p>Linguistic company that provides several courses of different languages such as English, German, Spanish and French.</p>	<p>Personal lessons, various kind of spheres: business English, translations, gas and oil field and others. Cooperating with foreign companies as a exchange programs. Well-known company with stable name at the market.</p>	<p>Expensive price, inconvenient webpage, uncomfortable atmosphere at the office, traditional education</p> <p>Data source: observation method - company visit</p>

Information presented in table 3 is based on the interview with co-founder and Academic Director of Hop & Scotch Ekaterina Tychinskaya.

Table 3. SWOT analysis of Hop & Scotch

Strength	Weaknesses
Well-organized teachers with a great work experience; More expressed satisfaction with the current request of the target audience; A greater emphasis in the positioning and implementation of individual approach, comparing with the other companies; Much informality; More comfortable and friendly learning environment; Constant contact with customers in resolving their problems.	Low investment in marketing - a small "input stream", the lack of awareness of customers about the brand and products; The company is recently on the market: there is no 'image' of stability; Lack of sales tactics; Incomplete site due to lack of funds. There is now an understanding of the requirements of the site, formed an idea, but do not have enough funds to develop.
Opportunities	Threats
The creation of own methodological center: Taking a leading position in Saint-Petersburg in the chosen segment; expanding the business to Moscow. Introduce Russian language courses.	Reducing number of customers and income due to the macroeconomic situation. Heavy competition on the Moscow market. Storage of qualified teachers on the Moscow Market.

Five Porter's Forces Analysis

Following information is based on the material provided by the Hop & Scotch Company. The analysis provided by the commissioning party helped the researchers to esquire information about the general conditions of the Moscow linguistic market.

Entry Barriers to the market:

- Significant amount of companies on the market
- Significant amount freelance teachers on the market
- Presence of considerable amount of opportunities for self-education on the market
- The tendency of many players to dumping

- Constant emerging of new players, demand reducing risk is about 10% after new entry in the local region
- Traditionally not high level of services provided by other players and hence, low consumer confidence index
- Relative to a large number of graduated teachers, the presence of small amount of professionals that meet our requirements
- Due to the previous point, there is need for time and material investments in the searching and training of new employees
- Given target customers expectations, there is need for long-term investments in brand awareness

Suppliers influence on the price analysis:

Our demands on teachers is a combination of the required professionalism and personal qualities. Such employees are rare. Given the tendency of many companies to underestimate the importance of teachers' competence and low salaries, the majority of high-skilled professionals prefer to work in the freelancing. Therefore, to attract talented employees to Hop & Scotch, high salaries to teacher staff is required. Greater impact on the price of the final product have native speaker teachers. The amount of highly skilled professionals on the market is extremely small. The cost of their services is high.

Substitute services analysis:

A growing number of self-study resources, for example Duolingo and Lingualeo.

Buyers influence on the price analysis:

The client's impact on the price is indirect and linked to the limited amount of the clients relatively to the amount of players on the market. Clients do not trust the competence of the linguistic companies and often change language courses. Considering these facts, clients are not tend to spend significant sums of money on the linguistic courses. Clients have information about linguistic services' suppliers and their price policy, including dumping policy. Target customers do not tend to overpay for the linguistic services.

Intensity of rivalry:

Considering aforementioned facts as the significant amount of players on the market and low diversity of these players the intensity of rivalry is considerable.

4.3 Customer research

Formulating a proper research design is as important as analyzing the raw data and interpreting gained information in order to form the reliable conclusions. Research design and research results are presented in this part.

4.3.1 Research design and implementation

Due to the fact that the company is going to expand the business to Moscow from Saint Petersburg, a qualitative market survey has been implemented. The questions included in the survey are based on Qualitative survey method theory, 7P service marketing mix and Service quality theory. The questionnaires on the Russian and English language are in the appendix of the research.

General structure of survey (Research design):

1. General information about the company.
2. Company's previous experience with linguistic companies.
3. Product - the services potential customers would want to buy.
4. Price - the amount of money potential customers are willing to spend on linguistic services.
5. Place - the place where the potential customers prefer to receive services.
6. People (Attitude, Behavior, Expertise: according to Hierarchical model of Service quality) – the qualities the potential customers expect from the teachers.
7. Process (Ambient, Social factors: according to Hierarchical model of Service quality) – the expectations of potential customers from the learning process.
8. Physical evidence (Design, Tangibles: according to Hierarchical model of Service quality) – the expectations and preferences of potential customers from the design of the study rooms and tangibles.

The questions based on 7P Service marketing mix and hierarchical model by Brady & Cronin allowed the researchers to gain information about potential customers' preferences in all major spheres of marketing, which can be used by Hop & Scotch for developing competitive services.

The Hop & Scotch Company has experience in servicing the particular type of companies operating in the following spheres: IT, marketing, design, luxury services, tourism, traveling, and finances. Hence, the companies operating in these spheres in Moscow were the primal focus of our research and have been chosen as the research population. The companies operating on the Moscow market have been surveyed, hence, Russian language has been used in the questionnaire. The cross-sectional format of the survey has been chosen, as the goal is to collect the data at a single point in time. As it was mentioned in the methodology part of the thesis, the internet have been chosen as the way to deliver the questionnaire to respondents, and the Survio.com have been used as the tool. The research has primarily qualitative nature, thus there is no need to cover all or majority of companies in the chosen research population, and a relatively small sample is required in order to collect the qualitative data mass, significant enough to formulate the reliable conclusions. The sample consist of 50 randomly selected companies, which may represent average opinion among the potential clients chosen as the research population. The responds have been received from 23 respondents. In order to secure respondents' confidentiality, the answers in the tables were not linked to the particular respondents and were placed in a random order.

4.3.2 Research results

The following respondents have replied to the questionnaire (table 4).

Table 4. Name of the respondents and key operations

Name of the company	Representative (HR Manager)	Description
1. Dentsu Aegis Network Russia	Puzikov R.A.	Dentsu Aegis Network Russia is a communication group and representative of global Dentsu Aegis Network, that includes a media-agency, a digital-agency, a performance marketing agency and companies that provide services for procurement and sales of digital advertising (RTB), as well as outdoor advertising. http://www.dentsuaegisnetwork.com

2. ADS Group	Boyko V.S.	ADS Group provides integrated supply of imported and domestic instruments and machine-parts. http://www.adsgroup.ru
3. Gulfstream Security Systems	Poplyovko P.N.	Gulfstream Security Systems - Security surveillance and response services. http://www.gulfstream.ru
4. RASCO-Expo Ltd.	Puzikova A.A.	RASCO-Expo Ltd., advertising, construction of exhibition stands http://rasco-expo.ru
5. Like Home/ apartments	Provkov D.V.	http://www.likehome.ru
6. Radius Group	Roger James Scott	Radius Group - The industrial real estate developer. Land ownership, construction financing, construction management and facility management. Key project - "South Gate" Industrial Park, Domodedovo http://www.radiusrussia.com
7. Glass-sphere LLC	Bavarov F.A.	Construction, manufacture and assembly of glass and stainless steel structures. http://www.steklosphera.ru
8. EDM	Konovalov A. K.	EDM is a wholesale distributor of baby products from leading manufacturers. http://edmgroup.ru
9. Philipp Plein	Uditsky I.G.	Production and sale of clothing and accessories http://www.plein.com/ru/
10. Geometry of Success	Shystov A.T.	Web-design studio https://vk.com/geometriauspeha
11. VTB	Erofeeva E.V.	VTB-Capital – bank http://www.vtbcapital.ru
12. Ponominalu.ru	Syshinsky A.I.	Ponominalu.ru ticket sales for cultural and entertainment events in Russia and abroad, as well as the development of ticket technology and services. http://ponominalu.ru

13. The Steel company	Voronov G.N.	Ferrous metallurgy, production and sales of tubular products.
14. City Finance	Rozhnova K.V.	The factoring company. Selling factoring, financing small and medium businesses. http://www.citifin.ru
15. AT-Consulting,	Gyriev N.S.	IT-sphere, development, implementation and support of software products. http://www.at-consulting.ru
16. Institute of healthy skin	Mac A.V.	Medical activity. http://www.psormak.ru
17. Moscow Helicopter Plant Ltd.	Syshinsky A.I.	Construction and assembly of helicopters and its components. http://www.russianhelicopters.aero/ru/
18. Arrow Media	Kobykov I.V.	Contextual advertising agency Maintenance and optimization of advertising campaigns in Yandex Direct and Google AdWords http://www.arwm.ru
19. Media group "Good"	Malykhina A.V.	Advertising on TV and radio, outdoor, online marketing, SEO consulting. http://xorosho.ru
20. SpetsBlank Moscow	Ionkina A.	Security printing, production and sale of printed products http://sbmos.ru
21. Prof-Media Management	Meshkova A.A.	Management in telecommunications http://www.profmedia.ru
22. Educational center "Aristotle"	Sokolnikov V.M.	Educational center https://www.aristotel-arbat.ru
23. Khrunichev Space rocket plant	Moskalyk D.O.	Manufacture of launch vehicles http://www.khrunichev.ru

Data analysis has shown that a substantial number of respondents believe that foreign language proficiency is necessary and has a positive impact in the working activity, both in international and Russian companies. Currently, the leading companies' employees require

knowledge of foreign languages, as they operate in the international market, engaged in monitoring the world market, negotiate with foreign suppliers and partners, make deals and use foreign software.

Table 5. Answers to the question: “Is it necessary to know foreign languages in your business field? Why?”

Classification	Answer
Yes	Upper-intermediate level knowledge of a foreign language plays a key role in our company. The company committed negotiations with offices, which are located in Germany, Austria, London, the United Arab Emirates and Cyprus every day. Moreover, many people in the Moscow offices are foreigners.
Yes	There is a need to sign contracts with foreign suppliers from the United States, Europe and other countries.
Yes	Yes, because our counterparties are not only from Russia but also from the European Union.
Yes	Yes, because our company takes part in many international projects.
Yes	There is a need, because our business partners are foreigners.
Yes	Of course, yes, we have to know foreign language. First of all, our customers are not only domestic companies, customers are international companies represented in our market. We also communicate and exchange our experiences with our colleagues in the international network of Dentsu Aegis Network.
Yes	Yes, to communicate with customers and suppliers of foreign affiliates
No	No, because we mainly provide services to the population of Moscow and regions.
No	No, we mostly use Russian language and we have production in Russia.
Yes	Yes, we have international software.
Yes	It is necessary to speak foreign language to work with foreign clients, to communicate with colleagues in other countries and to attract investors and partners.
Yes	Yes, because English-speaking customers who have business in Russia approach leading agencies in the market.
Yes	Yes, because the part of the content is purchased abroad and we always have negotiations in English.
Yes	There is a need to know language for monitoring the world market.
Yes	Yes, we have to communicate with foreign partners.
Yes	Yes. English-speaking staff carries the attraction of foreign audiences to the services.
No	There is a small need at the moment, as we do not work with foreign partners.
Yes	Yes, constant communication with foreigners, work with the international booking systems.
No	Knowledge of a foreign language is encouraged, but not required.
Yes	Yes, there are foreign equipment suppliers.

Yes	Yes, to contact with foreign representatives.
No	No (no explanation)
Yes	Yes (no explanation)

The main language used in companies on the Moscow market is essentially Russian (87.0% share), but English is following straight after (78.3% share). It allows us to make a statement, that English language is the key need compared to other languages (German, Spanish, and others). Refer to [figure 12](#) in the appendix of the thesis for the detailed results.

The collected results show that the desired levels of language skills in most of the companies are «Upper–intermediate» (30,4% share) and «Intermediate» (26,1% share). Refer to [figure 13](#) in the appendix.

The majority of respondents have skipped the fifth question: “Have you ever used services of linguistic companies? If yes, name these companies”. Lingua Development and English courses at the Ministry of Foreign Affairs have been named by two respondents. 7 respondents answered “no”, one respondent answered “We sometimes apply for the document translation, though do not know the name of the companies.”

Respondents had used almost an even share of translations, training and language courses for employees (30/20/30 % share). Refer to [figure 15](#) in the appendix.

Concerning the question of increasing the competence of employees due to language proficiency, it can be said that most of the answers are positive. Representatives of the companies believe that apart from the fact, that English is a requirement for the applicant, it is also necessary at work with foreign partners. Moreover, knowledge of a foreign language increases the opportunities for career development, because the employees are able to exchange experience with colleagues around the world, as well as learn current trends in the market and receive information about latest business news from the original sources. In addition, many companies employ foreign staff and process documentation in English.

Table 6. Answers to question 7: “Do you think foreign language skills improve the competence of employees? Why?”

Classifi- cation	Answer
Yes	Yes, because knowledge of foreign language is one of the main requirements for applicants during the recruitment of staff. There are some business aspects in which the employees cannot perform their duties without this knowledge.

Yes	Yes, because it is the international business language, which is required at every level of company functioning.
Yes	Knowledge of foreign languages, of course, increases the chances of personnel career development in an international company.
Yes	Yes. An educated person should know at least one foreign language.
Yes	Yes, because it allows more confident use of the software.
Yes	Yes. At least, because of the potential of sharing experiences with a larger circle of colleagues around the world and processing more useful information in business.
Yes	Sure! It allows cooperation with different suppliers and satisfies not only Russian consumers' needs.
Yes	I am sure about that! Knowledge of foreign language expands your horizons.
Yes	Yes. Many foreign companies are looking for Russian specialists.
Yes	Yes, to communicate and gain experience.
Yes	Yes, it's a great way to develop as person.
Yes	Yes, I believe that knowledge of foreign languages improves the qualification of employees, as it offers great opportunities to work with foreign clients and partners.
Yes	Yes, the employees are able to communicate with foreign investors and learn latest trends on other markets.
Yes	Yes, knowledge of foreign languages is firstly necessary to the employees, for example, sales manager, who establish contacts with potential clients.
Yes	Yes, in order to exchange experience with foreign colleagues and be able to use foreign development.
Yes	Yes, most of our documents are in English.
Yes	Yes, it improves brain function.

The results of the responses show that “Language courses for employees” are the most desirable to use in companies, therefore the organization of such courses would be very useful and beneficial for Hop & Scotch. Refer to [figure 17](#) in the appendix.

The most important factor in the selection of courses is the experience of teachers, level of their academic skills. Clients also wish to attend high quality courses with a modern approach to education and at a reasonable price. Classroom location and friendly atmosphere have a less importance. Refer to [figure 18](#) in the appendix.

The majority of the respondents are not willing to spend any amount of money for translations per month (39.1% share), but 30.4% of respondents would spend 100-150 euros when the need arose. Refer to [figure 19](#) in the appendix.

60.9% of the respondents are willing to spend 70-150 Euros per month on language courses, which corresponds to the pricing policy of Hop & Scotch. Refer to [figure 20](#) in the appendix.

Practically all of the respondents answered "company office" as the place where it would be most convenient to attend classes. Therefore, Hop & Scotch can significantly reduce the cost of renting offices in the early stages of the business' development in Moscow by organizing courses directly in the companies' offices. Refer to [figure 21](#) in the appendix.

Corresponding to the question about the most important qualities of a teacher, it is necessary to note the academic skills (91.3% share) and an individual approach to the client (78.3% share). Refer to [figure 22](#) in the appendix.

According to the respondents, classroom's design isn't a significant factor. Most preferences are reduced to the fact that customers would like to have classes in a bright, spacious, well ventilated, modernly design room. Some of them prefer minimalism, soft carpets, paintings and maps on the walls and a pleasant atmosphere. It should be noted, that part of the representatives indicated that it was easier to hold classes in their companies' meeting rooms as office-style design is acceptable. Refer to table 7.

Table 7. Answers to the question: "How important to you is the design of the classroom? Indicate any preferences you may have"

Classification	Answer
Design	The classroom should be in warm colors without white or gray walls. The space on the walls should be filled with thematic maps, words, pictures, etc. Also, it is desirable to have carpet on the floor for a cozy atmosphere. It helps provide calmness and concentration.
Company's office	I think it is more convenient to hold classes in our office, but if it's in the school it should be a spacious and ventilated room, visually attractive, which creates a desire to come back.
Company's office	Preferably use our meeting rooms.
Equipment	Mostly, technical equipment is important.
Design & equipment	There should be no discomfort.
Design & equipment	It should be a bright and clean classroom.
No preference	No preference.

Equip- ment	The design is of secondary importance, but equipped classrooms will definitely play an important role.
Design	Classrooms should be modern and pleasant.
Design	Modern design is preferred
Design	Spacious, bright design
Design	Minimalistic
Design	The design is not the most important factor. It would be nice if the classroom had a bright modern design with big windows and well ventilated.
Com- pany's of- fice	It would be better to hold the classes in our office. The design of our meeting rooms is acceptable.
Design	Comfortable study area for our employees
Design	Office style without special preferences
Design	It must be cozy!
No prefer- ence	No, it doesn't matter (5)

Opinions on interactive materials, gifts and souvenirs were divided. Half of the respondents tended to answer: "no, it doesn't matter", the rest believe that it's a nice bonus, which can be very useful. In any case, the educational materials should be effective and contribute to the learning process. Refer to table 8.

Table 8. Answers to the question: “Is it important to receive additional interactive material, gifts and souvenirs during the study process? Why?”

Classifi- cation	Answer
Study materials	Yes, this is usually very convenient.
money	Textbooks, so you don't have to spend your own money.
motiva- tion	Of course, one must immerse oneself and be inspired by the learning of a foreign language.
motiva- tion	Interactive learning seems more effective.
motiva- tion	It does it if aids the learning process and motivates the employees.
motiva- tion	Yes. It makes learning more interesting.
motiva- tion	Yes. People need to be motivated.
motiva- tion	Can be useful.
nice	Yes because it's like a nice little bonus!
nice	Nice bonus.
no	It's not essential.
no	No.
no	Not important.
no	No.
no	Not really.
no	Not important (x)
study materials	Interactive study materials are very important as they force the student to apply their language skills. Souvenirs and gifts are not important. Most of the time, «souvenirs» turn out to be unwanted junk.
study materials	Yes, customized notated exercise books help student systemize information and store it in one place.
study materials	Interactive study materials allow provide a methodology, which keeps up with changing times.

5 CONCLUSIONS

The Hop & Scotch Company should provide its services in Moscow to the companies chosen as the research population in the thesis, as it has the experience of servicing the similar segment in St. Petersburg and the interest in linguistic services in these companies have been found. In addition to IT, marketing, design, luxury services, tourism, traveling, and finances, the potential clients in Moscow operating in the following spheres should be considered: communications, construction, management consulting, advertisement, investments and industrial parks.

Only one company from the sample group mentioned name of the linguistic company which services it have been used. However 10 out of 23 respondents have used the services, such as translations, trainings/master-classes and language courses. Hop & Scotch should provide the services: 1. Language courses, 2. Translations, 3. Trainings and master-classes, 4. Individual language programs, 5. Group corporate trips abroad.

It can be said that English language is required in Moscow companies operating in the aforementioned business spheres due to multiple reasons, when other languages were required in less companies. Hop & Scotch should focus only on English related linguistic services. However, the possibility of developing a broader line of linguistic courses with other foreign languages should be considered later. Although during the research process Russian language for foreigners have not been included in the list of language courses in the questionnaire, it has become clear that international companies which have operations in Moscow could be interested in such services. The additional research is needed related to this issue.

The Hop & Scotch Company should focus on providing language courses for intermediate level students and higher. It perfectly fits current specialization of the company on linguistic programs for specialists.

Related to the price policy, Hop & Scotch should stick to the same strategy as in St. Petersburg, aiming middle income customers. In this case it can cover its costs on specialized and individual approached services, but still be available for the majority of the clients in the segment. A more detailed analysis is needed related to the issue.

It has been found that there is no need in opening its own classrooms for Hop & Scotch, as the majority of potential clients prefer to have classes in their own offices. It means that only a small office for employees is needed and fewer investments are required for penetrating the market. However, the respondents were asked about the classroom design, the results can be applied to the office design. In general, it has no significant importance to respondents, however, it should be modern, cozy, technically equipped and authentic.

Related to the promotion, the focus of Hop & Scotch should be on emphasizing the following benefits that could be achieved through the linguistic services: increasing exchange of experience between employees and foreign colleges, access to international clients and current trends and news in the international markets.

The data depicted that potential clients' preferences in the learning process have been picked correctly by the Hop & Scotch Company, and the main focus in developing the services is still should stay on the maintaining high level of academic skills of the teachers, modern and individual approach to each client.

In general, potential clients share the views of Hop & Scotch on the linguistic services and are willing to pay the niche price. The objectives of the thesis have been reached as the collected data helped to gain some insights on the potential Moscow clients' preferences and needs. This information will help to customize the services to Moscow specifics. Further marketing research is required in order to collect more accurate and detailed quantitative data in order to formulate the penetration strategy for the company.

The majority of answers collected from the respondents are detailed, as the questionnaire is based on the qualitative research theory and research design is based on the customer and service marketing theory. Due to the above mentioned facts, the research can be seen as reliable, which will benefit the commissioning party – The Hop & Scotch Company.

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LIST OF APPENDICES

- 1) Interview with co-founder and Academic Director of Hop & Scotch Ekaterina Tychinskaya (Saint Petersburg)
- 2) Questionnaire (Russian language)
- 3) Questionnaire (English language)
- 4) Questionnaire results

Interview with co-founder and Academic Director of Hop & Scotch
Ekaterina Tychinskaya (Saint Petersburg)

- **Hello, we are double degree students of KUAS and we are working on our thesis right now. We would like to ask you some questions about Hop & Scotch.**
- Hi! Sure! I would like to help you!
- **First of all, what is the main difference between Hop & Scotch and other linguistic companies and what is your mission and vision?**
- Hop & Scotch is new on the market, but it has a modern view to learning foreign languages: the working process is unusual and non-traditional. Hop & Scotch pays a lot of attention to a comfortable atmosphere in class, guarantees professional teaching and provides interesting and effective work. Therefore, it can be said that the mission of our company is high quality training of foreign languages and the vision is to take a leading part in the linguistic market.
- **Could you please tell us about the main types of the courses you have? And what are their formats?**
- We have the opportunity to teach 3 foreign languages for individuals and companies – English, German and Spanish. Also, we provide different trainings as well as translation and language support. The main unique educational programs are, for example, «English for Football Club Zenit», «English for digital communication in advertising to Red Keds», «English for IT-specialists» and many others.
- **What about the price of the courses?**
- Prices of the courses depend on the type; for example, basic courses for individuals are from 7000 rubles per month (about 100 Euros), the whole course is about 2-3 months. More specialized courses, such as «English for IT-specialists» costs about

9000-11000 rubles (130-150 Euros). The price for individualized corporate educational programs is negotiated specifically with the customer. In general it can be said that our prices are aimed at middle-class customers and are not so expensive compared to other linguistic companies in Saint - Petersburg. Hop & Scotch is trying not to overstate the value of their services and to make learning effective, qualitative and affordable.

- **As a company you should pay a lot of attention to the professionalism of your teachers. How do you deal with this?**
- All the teachers of Hop & Scotch are professionals with extensive experience in the field of teaching and learning foreign languages. Many of them have years of experience as private tutors, and are developing their own effective educational programs. We choose only the best teachers and guarantee the professionalism of training.
- **How do you promote your business?**
- We are experiencing some problems with a lack of funds for marketing at the moment, but we have a clear strategy of how to promote our services: Firstly, a convenient website for our customers, where they can easily find all the information they need; great attention to advertising in social networks and, in addition, the Hop & Scotch team organize events, games and opened themed events at school.
- **How is the working process of the company organized?**
- Hop and Scotch creates learning infrastructure and focuses on optimizing its processes, selecting the best teachers and developing a methodical center. To become a major company on the market, an effective marketing process should be organized too. Hop & Scotch follows clear instructions to build up an effective scheme of sales to reach the main goal of the company.
- **Do you have your own label, design or individual style to attract the customer?**

- Of course. We have a very bright, eye-catching logo with orange and blue colors, which are used on all relevant products, such as our exclusive brochures, teaching material, books, pens and stationery. Our students especially like the gifts from our themed events, such as bags and notebooks in brand colors.
- **Are there any companies operating in your segment that you compete with?**
- We have done market analysis and the main competitors located in Saint Petersburg in our point of view are: Orange Language Center and IQ-Consutancy.
- **Thank you for help! This information will be very useful for us.**
- You are welcome.

Questionnaire (Russian language)

1. Напишите название компании, сферу деятельности и ключевые операции
 2. Есть ли необходимость во владении иностранными языкам в вашей бизнес сфере? Почему?
 3. Укажите язык используемый в Вашей компании:
 - Русский
 - Английский
 - Немецкий
 - Испанский
 - Другой
-
4. Укажите необходимый уровень знания иностранного языка Ваших сотрудников:
 - Начальный
 - Ниже среднего
 - Средний
 - Выше среднего
 - Продвинутый
 - Свободный
 5. Пользовались ли вы услугами лингвистических компаний? Если да, укажите их название:
 6. Если Вы пользовались лингвистическими услугами, укажите какими именно?
 - Переводы
 - Тренинги и/или мастер-классы
 - Языковые курсы для сотрудников
 - Групповые корпоративные поездки за границу с целью изучения иностранного языка
 - Другие
-

7. Считаете ли Вы что знания иностранных языков повысит квалификацию ваших сотрудников? Почему?
8. Хотели бы Вы воспользоваться лингвистическими услугами? Если да, укажите какими именно?
- Переводы
 - Тренинги и/или мастер-классы
 - Языковые курсы для сотрудников
 - Групповые корпоративные поездки за границу с целью изучения иностранного языка
 - Другие
-

9. Опишите, что на Ваш взгляд важно в языковых курсах
- Цена
 - Место проведения
 - Доброжелательная атмосфера в классе
 - Квалификация преподавателей
 - Нетрадиционный подход к обучению
 - Другое
-

10. Какую сумму Вы готовы потратить на языковые переводы в месяц (руб.)?
- Нисколько
 - От 3.000 до 6.000
 - От 6.000 до 10.000
 - Больше 10.000

11. Укажите наиболее приемлемую для Вас стоимость языковых курсов (на одного человека в месяц) (руб.)

- От 5.000 до 10.000
- От 10.000 до 20.000
- От 20.000 до 30.000
- От 30.000 и более

12. Укажите место, где бы Вы хотели проводить тренинги, мастер-классы и языковые курсы для сотрудников.

- В офисе Нор & Scotch
 - В офисе вашей компании
 - Другое
-
-

13. Укажите что для вас важно в преподавателе иностранного языка:

- Личностные качества
 - Доброжелательность и Адекватность в общении
 - Нестандартный подход к обучению
 - Опыт преподавания
 - Индивидуальный подход к каждому клиенту
 - Другое
-
-

14. Имеют ли для вас значение дизайн учебных помещений и укажите ваши предпочтения, если таковые имеются?

15. Имеют ли для вас значение интерактивные учебные материалы, сувениры и подарки, получаемые вашими сотрудниками в процессе обучения? Почему?

ФИО, дата:

Questionnaire (English language)

1. Name of the company, key operations.

2. Is it necessary to know foreign languages in your business field? Why?

3. Select the language used in your company:
 - Russian
 - English
 - Dutch
 - Spanish
 - Other language

4. Select the desired level of language skills in your company:
 - Beginner
 - Pre-intermediate
 - Intermediate
 - Upper-intermediate
 - Advanced
 - Fluent
5. Have you ever used services of linguistic companies? If yes, name these companies.

6. If you have used linguistic services, select from the following. If no, skip the question.
 - Translation services
 - Trainings and/or master-classes
 - Language courses for employees
 - Group corporate trips abroad in order to improve employee's foreign language skills
 - Other

7. Do you think foreign language skills improve the qualification of employees?
Why?
-

8. Are you willing to use linguistic services? Select from the following:
- Not interested in linguistic services
 - Translation services
 - Trainings and/or master-classes
 - Language courses for employees
 - Group corporate trips abroad in order to improve employee's foreign language skills
 - Other
-

9. Select key factor/factors of linguistic courses
- Price
 - Location of the class room
 - Friendly attitude in class
 - Teacher's qualification
 - Modern approach to learning process
 - Other
-

10. How much are you willing to spend on professional translations per month?
(Rubles)
- Nothing
 - From 3.000 to 6.000
 - From 6.000 to 10.000
 - More than 10.000

11. How much are you willing to spend on foreign language courses (one employee per month) (Rubles)
- Nothing
- From 5.000 to 10.000
 - From 10.000 to 20.000
 - From 20.000 to 30.000
 - More than 30.000

12. Please, choose the place where it would be more convenient for you to attend classes, trainings and master-classes:

- Hop & Scotch office
 - Company office
 - Other
-

13. Select the most important qualities of a language teacher

- Qualification
- Background and personality
- Goodwill and communicational skills
- Modern approach to studying process
- Working experience
- Individual approach to each client

14. How important to you is the design of the classroom? Indicate any preferences you may have

15. Is it important to receive additional interactive material, gifts and souvenirs during the study process? Why?

Name, Position

Questionnaire results

1 Укажите название Вашей компании, сферу деятельности и ключевые операции. ▾			
Name of the company, key operations.			
Коммуникационная группа Dentsu Aegis Network Russia является представителем в России и СНГ международной сети Dentsu Aegis Network. В состав входят медиа-агентства, digital-агентства, performance marketing агентства, компании, предоставляющие услуги по закупке и продаже digital рекламы (RTB), а также наружной рекламы.	Radius Group Девелопер индустриальной недвижимости Землеустройство, финансирование строительства, управление строительством, управление индустриальными объектами недвижимости Ключевой проект - индустриальный парк "Южные Врата", г.о. Домодедово	Ponominalu.ru занимается реализацией билетов на культурные и зрелищные мероприятия как в РФ, так и за пределами, а так же развитием билетных технологий и сервисов.	ГКНПЦ им.Хруничева, ракетно-космическая деятельность, производство ракетно- носителей (Протон-М, Бриз) http://www.khrunichev.ru/
АДС Групп. Комплексные поставки импортного и отечественного инструмента и станкопринадлежностей	Медийная группа "Хорошо". Реклама на ТВ и радио, наружная, интернет-маркетинг, SEO консультирование.	агентство контекстной рекламы ArrowMedia ведение и оптимизация рекламных кампаний в Яндекс Директ и Google AdWords	АО "Московский вертолётный завод имени М.Л.Миля", вертолётостроение. Конструирование и сборка вертолетов и их комплектующих
AT-Consulting, сфера IT, разработка, внедрение и поддержка программных продуктов.	Сити Финанс, факторинговая компания. Продажа факторинга, финансирование малого и среднего бизнеса.	ООО "Стекло-Сфера", строительство, изготовление и монтаж конструкций из стекла и нержавеющей стали	Нержавеющая металлургическая компания. Черная металлургия. Производство и продажа трубной продукции.
ООО "Институт здоровой кожи", медицинская деятельность.	Philipp Plein, изготовление и продажа одежды и аксессуаров	СпецБланк - Москва Защищённая полиграфия Изготовление и продажа полиграфической продукции	Компания ЭДМ, оптовый дистрибьютор товаров для детей от ведущих мировых производителей.
Как Дома/ LikeHome apartments	Студия веб-дизайна "Геометрия Успеха"	Профмедиа Менеджмент: управление в сфере телекоммуникаций	Гольфстрим Охранные Системы. Мониторинг и реагирование охраняемых объектов
	АО, ВТБ Капитал	Образовательный центр "Аристотель"	ООО РАСКО-экспо, реклама, застройка выставочных стендов

Figure 10.

2 Есть ли необходимость владения иностранным языком в Вашей бизнес сфере? Почему? ▾			
<i>Is it necessary to know foreign languages in your business field? Why?</i>			
Владение иностранным языком на уровне выше среднего играет ключевое значение в нашей компании. Ежедневно в компании совершаются переговоры с офисами, которые находятся в Германии, Австрии, Лондоне, ОАЭ и с аудиторами на Кипре. Так же в московском офисе работает много сотрудников из зарубежных офисов.	Конечно есть. В первую очередь, наши клиенты это не только отечественные компании, также клиентами являются международные компании представленные на нашем рынке. Еще мы общаемся с нашими коллегами в международной сети Dentsu Aegis Network, обмениваемся опытом.	Необходимо владеть иностранным языком для работы с зарубежными клиентами, для общения с сотрудниками в других странах и для привлечения инвесторов и партнеров.	Выход в продажу с международными событиями и привлечение иностранной аудитории к сервисам компании осуществляется англоговорящими сотрудниками.
Есть необходимость заключения договоров с иностранными поставщиками из США, Европы и других стран.	Да, для общения с клиентами и переговоров поставщиками и руководством компании иностранных филиалов	Необходимость есть, т.к. в ведущие агентства периодически обращаются англоязычные клиенты, имеющие бизнес в России	На данный момент почти нет, так как с иностранными партнерами не работаем, только если владелец юр.лица в рф является иностранцем.
Да, так как наши контрагенты не только из России, но и из стран Евросоюза	Нет, т.к. мы в основном оказываем услуги населению Москвы и регионов!	Да, так как часть контента покупается за рубежом и ведутся постоянные переговоры.	Да, постоянное общение с гостями иностранцами, работа с международными системами бронирования.
Да, занимаемся крупными международными проектами	Нет Русская компания с производством в России	Необходимость есть. Для мониторинга мирового вертолетостроения	Знание иностранного языка приветствуется, но не обязательно
есть. Партнеры по бизнесу иностранцы.	Да, т.к ПО иностранное.	Да, общение с иностранными представителями.	Да, есть иностранные поставщики оборудования
		нет)	есть, для общения с иностранными партнерами
		да	

Figure 11.

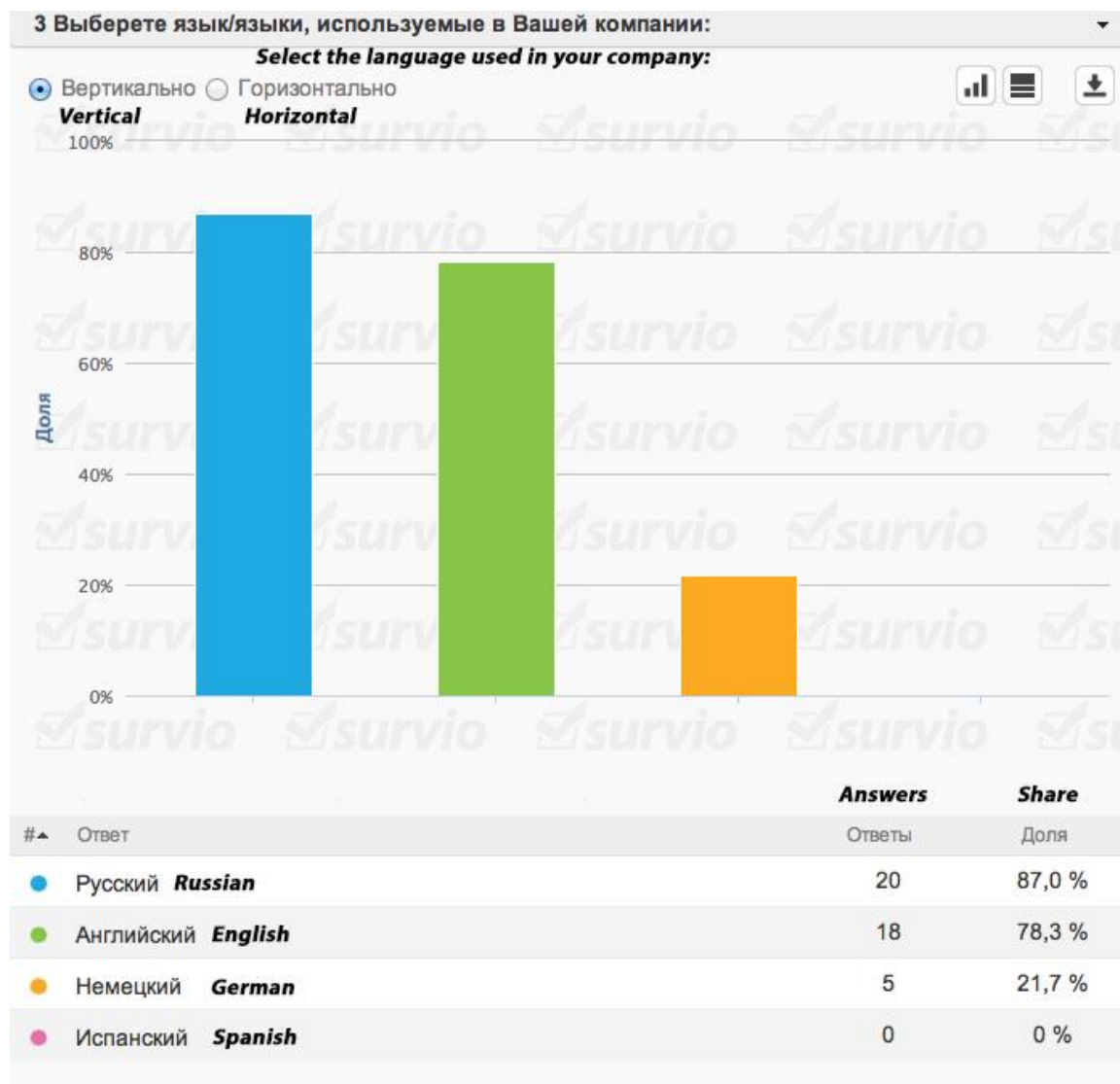


Figure 12.

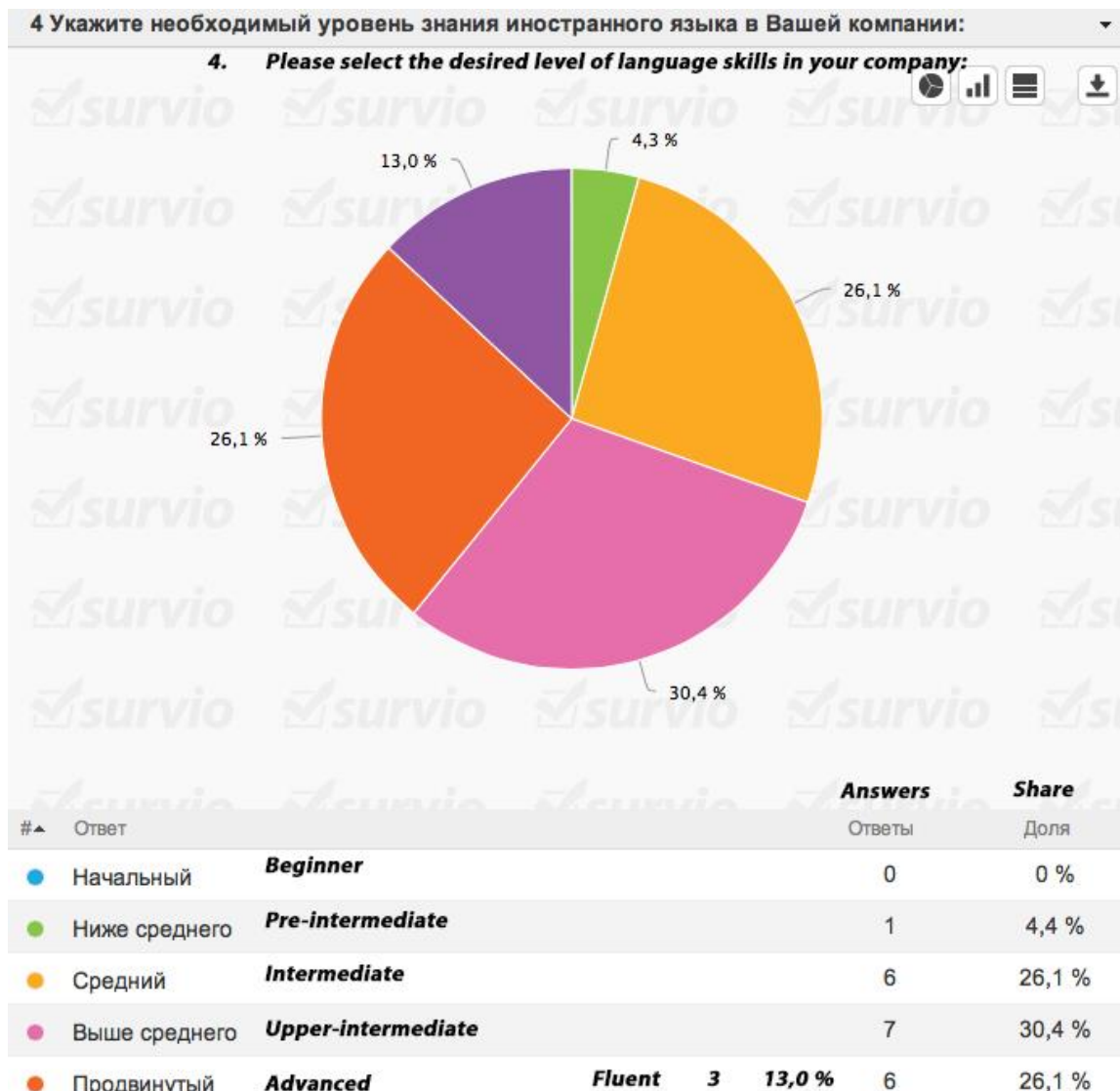


Figure 13.

5 Пользовались ли вы услугами лингвистических компаний? Если да, укажите их названия, если нет, оставьте пропуск.

Have you ever used services of linguistic companies before? If yes, name these companies.

Мы иногда обращаемся за переводами договоров, однако я не знаю названия этих компаний

Да, LINGUA DEVELOPMENT.

Курсы англ. при МИД

Не пользовались.

Нет (3х)

- (3х)

Figure 14.

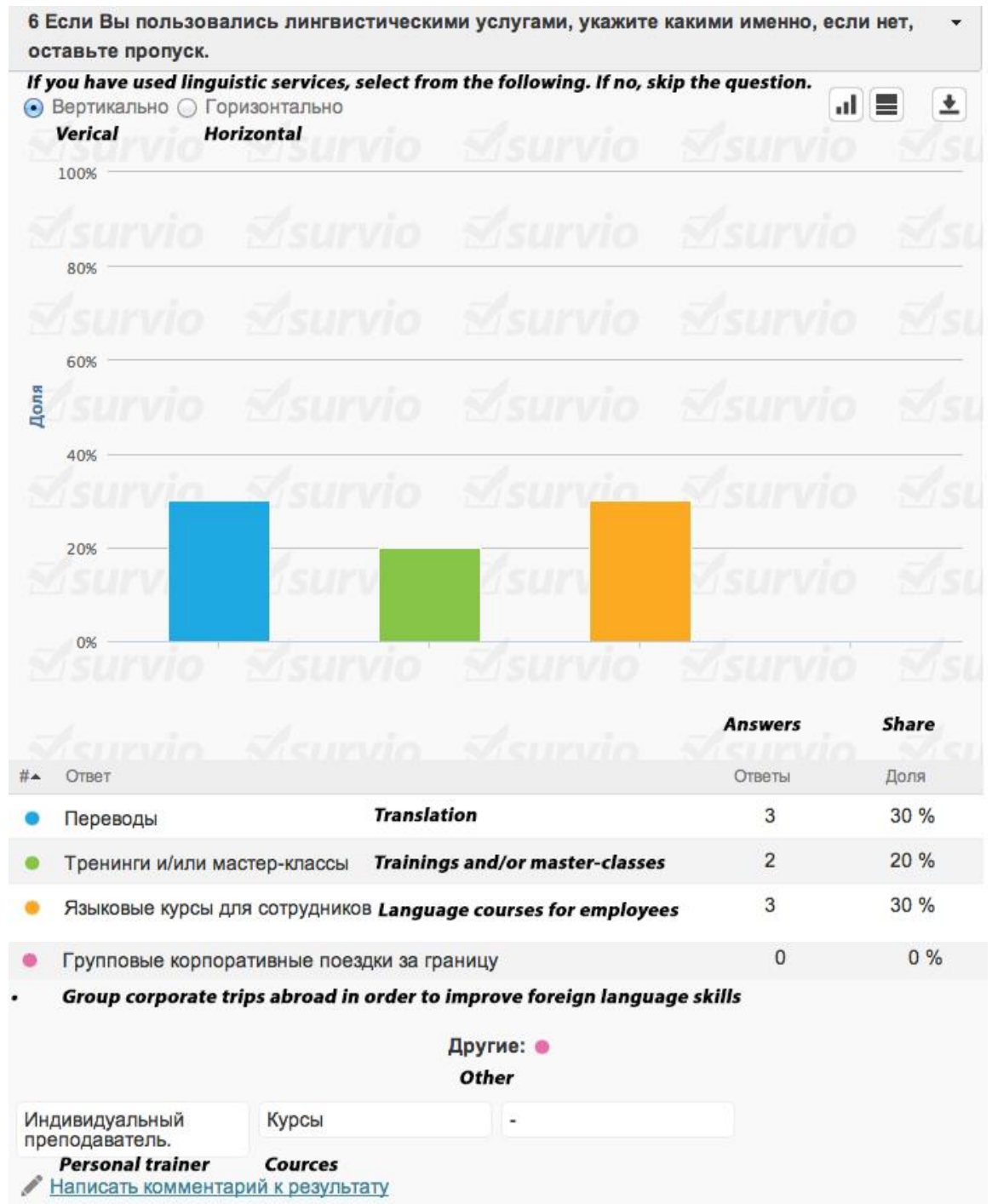


Figure 15.

7 Считаете ли Вы, что знание иностранных языков повышает квалификацию сотрудников? Почему? <i>Do you think that foreign language skills improve the qualification of employees? Why?</i>			
Да. При наборе персонала знание иностранных языков является одним из ключевых требований к соискателю. Существуют аспекты нашей деятельности в которых сотрудник не сможет выполнять свои обязанности без этих знаний.	Да. Как минимум можно ответить "да" из-за потенциальной возможности обмениваться опытом с гораздо большим кругом коллег по всему миру, обрабатывать больше полезной информации в своей сфере.	Я считаю, что знание иностранных языков повышает квалификацию сотрудников, поскольку это открывает огромные возможности для работы с иностранными клиентами и партнерами.	Знание иностранных языков нужно прежде всего сотрудникам, налаживающим контакт с потенциальным покупателем/ клиентом. Речь идет о менеджерах по продажам и тд.
Да, потому что это международный язык ведения бизнеса, который необходим на любом уровне функционирования компании.	Безусловно, так как это позволяет сотрудничать с различными поставщиками и удовлетворять потребности не только российских потребителей	Да - сотрудники имеют возможность общаться с иностранными инвесторами и изучать передовые тенденции других рынков	Да. Знание и применение двух и более языков повышает количество и улучшает качество нейронных связей в мозгу. Второй язык - как минимум, не вредно.
Знание иностранных языков, безусловно, повышает шансы сотрудника на карьерный рост в международной компании.	я в этом просто уверена! Так как знание иностранных языков в первую очередь расширяет кругозор!	Знания иностранного языка необходимы для руководства компании, а так же сотрудников отдела снабжения и маркетинга	Да считаю. Для обмена опытом с иностранными коллегами, для возможности использовать иностранные разработки.
Да. Образованный человек должен знать хотя бы один иностранный язык.	Да Многие иностранные компании ищут русских специалистов	Да, есть возможность развиваться и возможность в дальнейшем работать с более широким рынком.	Большинство документации на английском языке
Более уверенное пользование ПО.	Да. Общаться, получать опыт.	да, для общего развития	нет
да (2х)			Да.

Figure 16.



Figure 17.

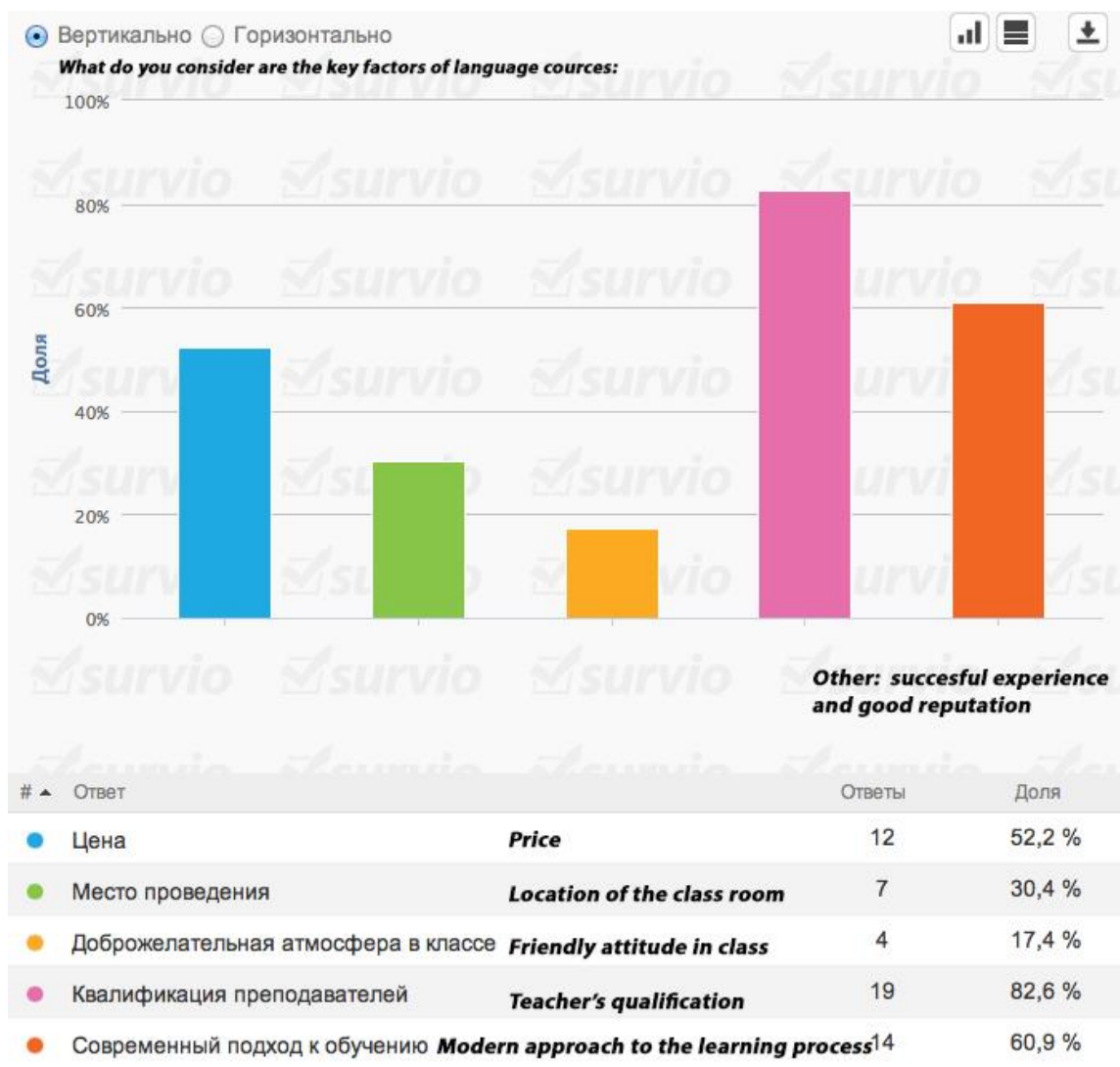


Figure 18.

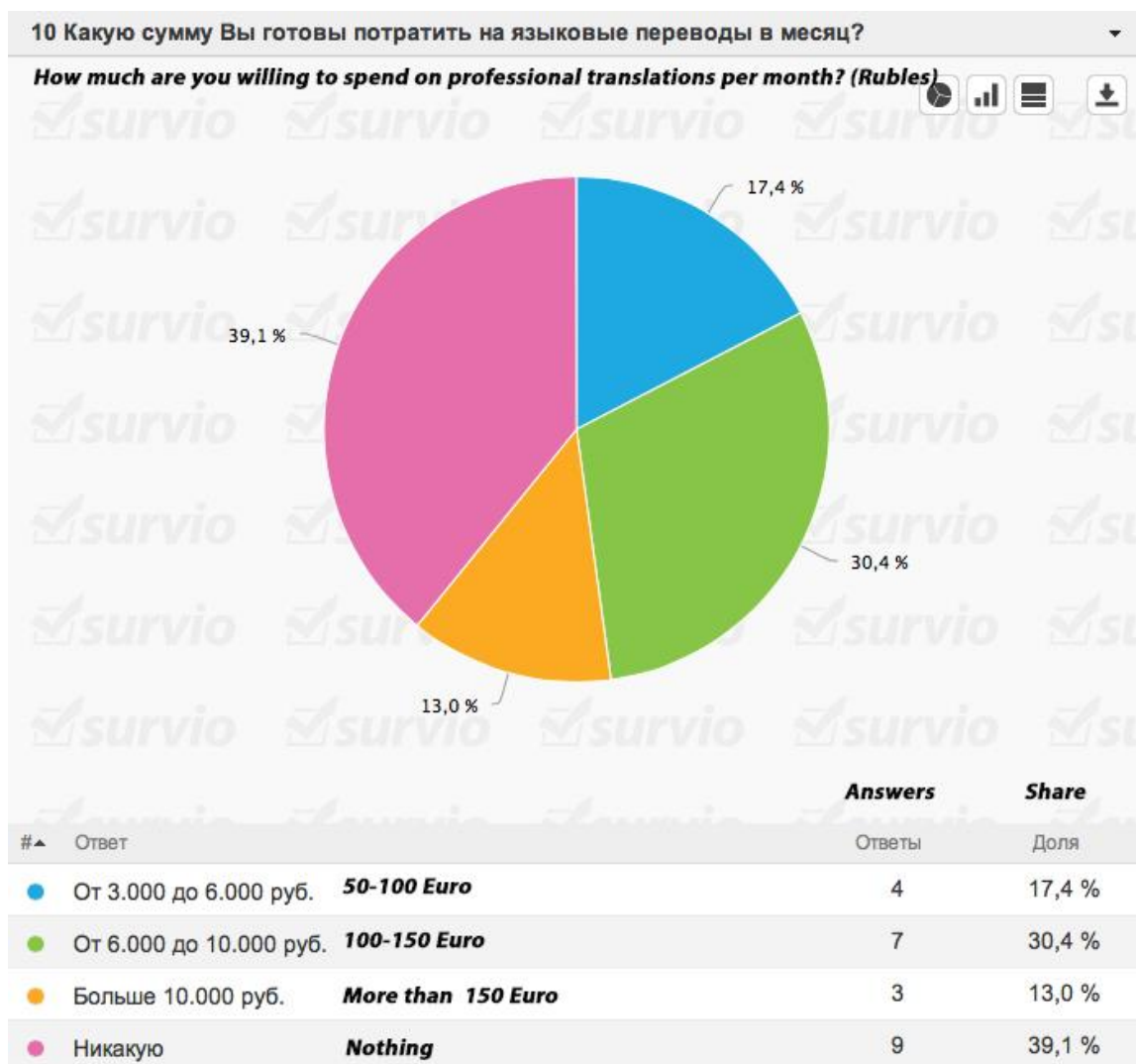


Figure 19.

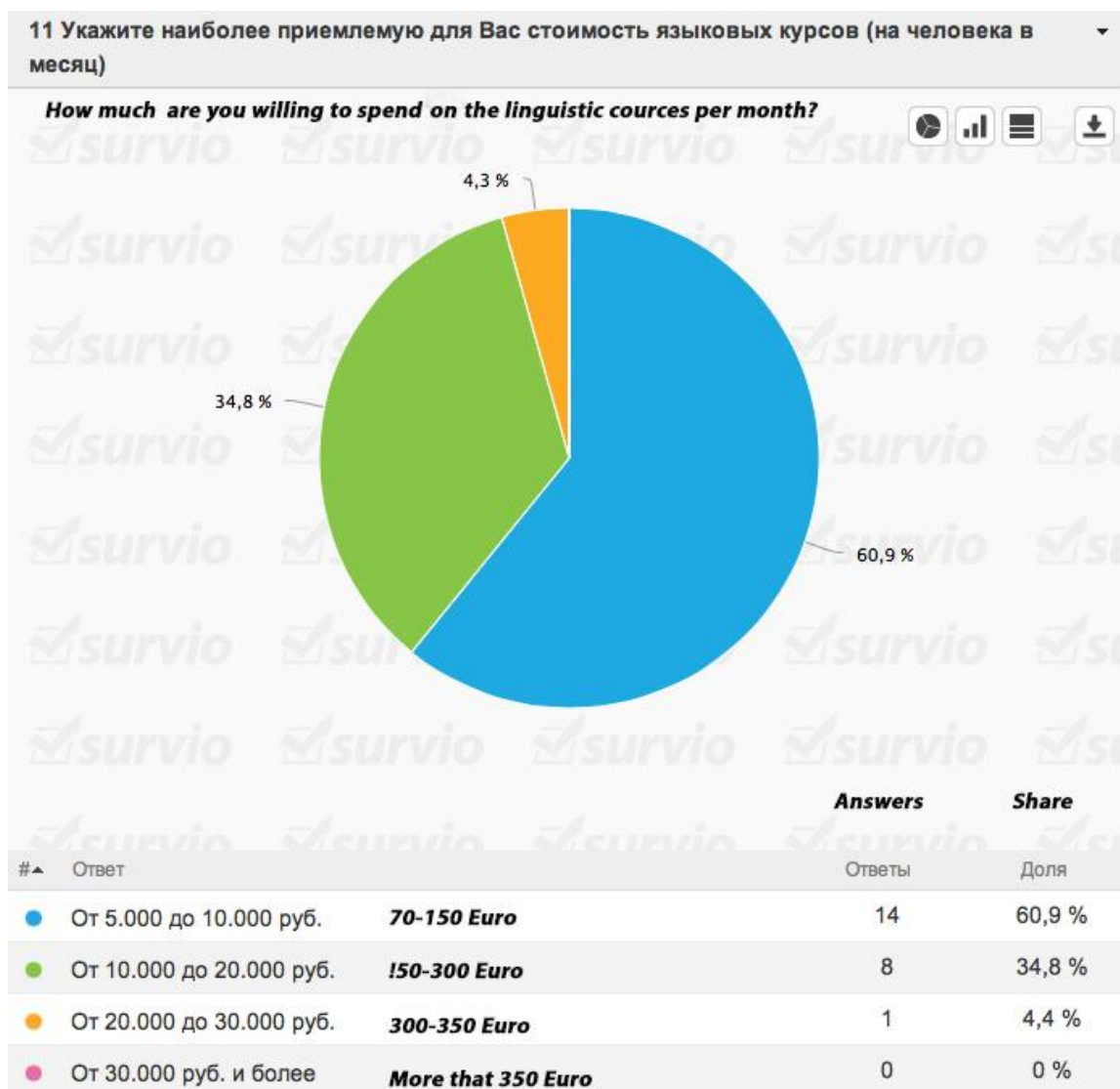


Figure 20.

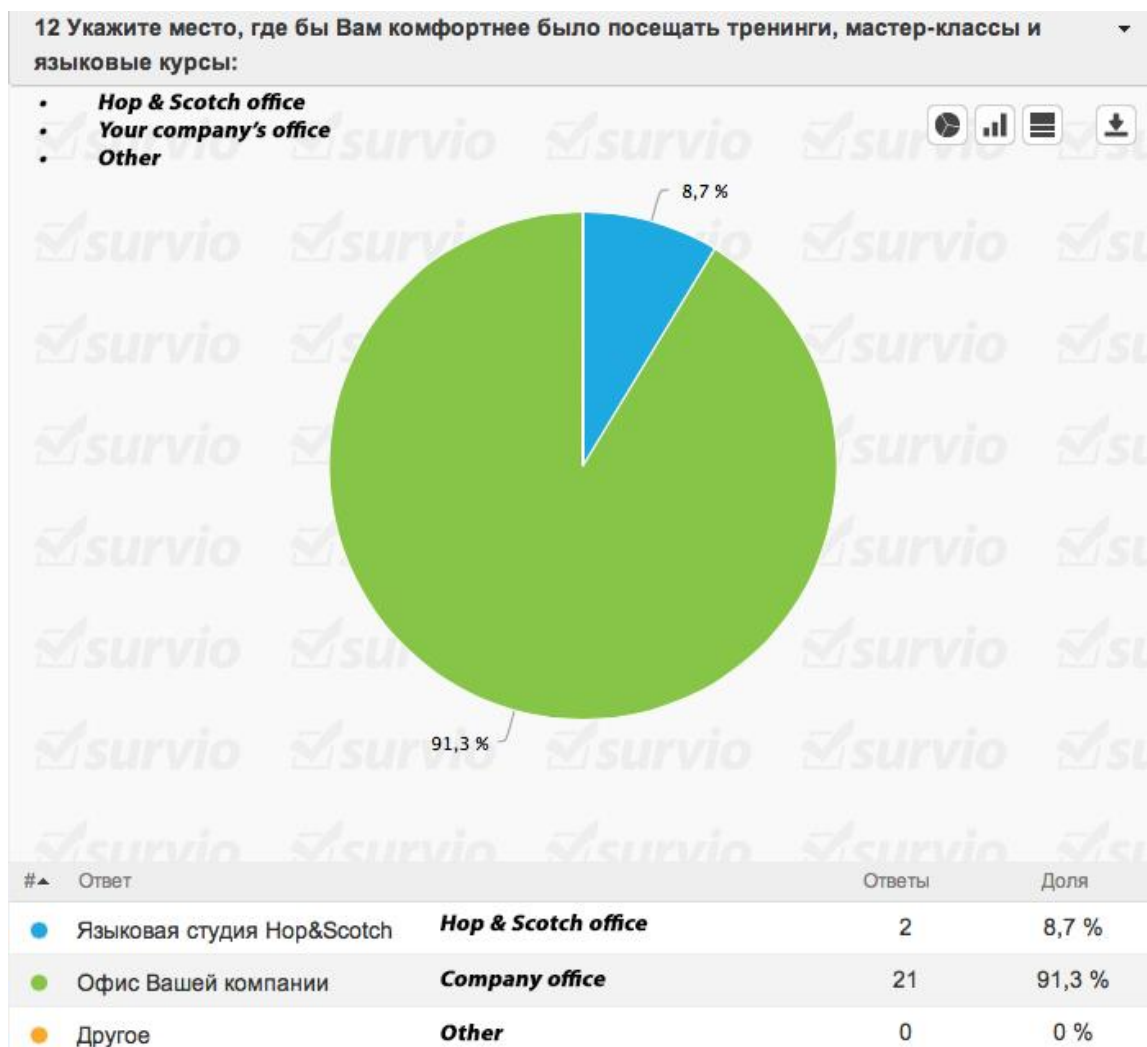


Figure 21.

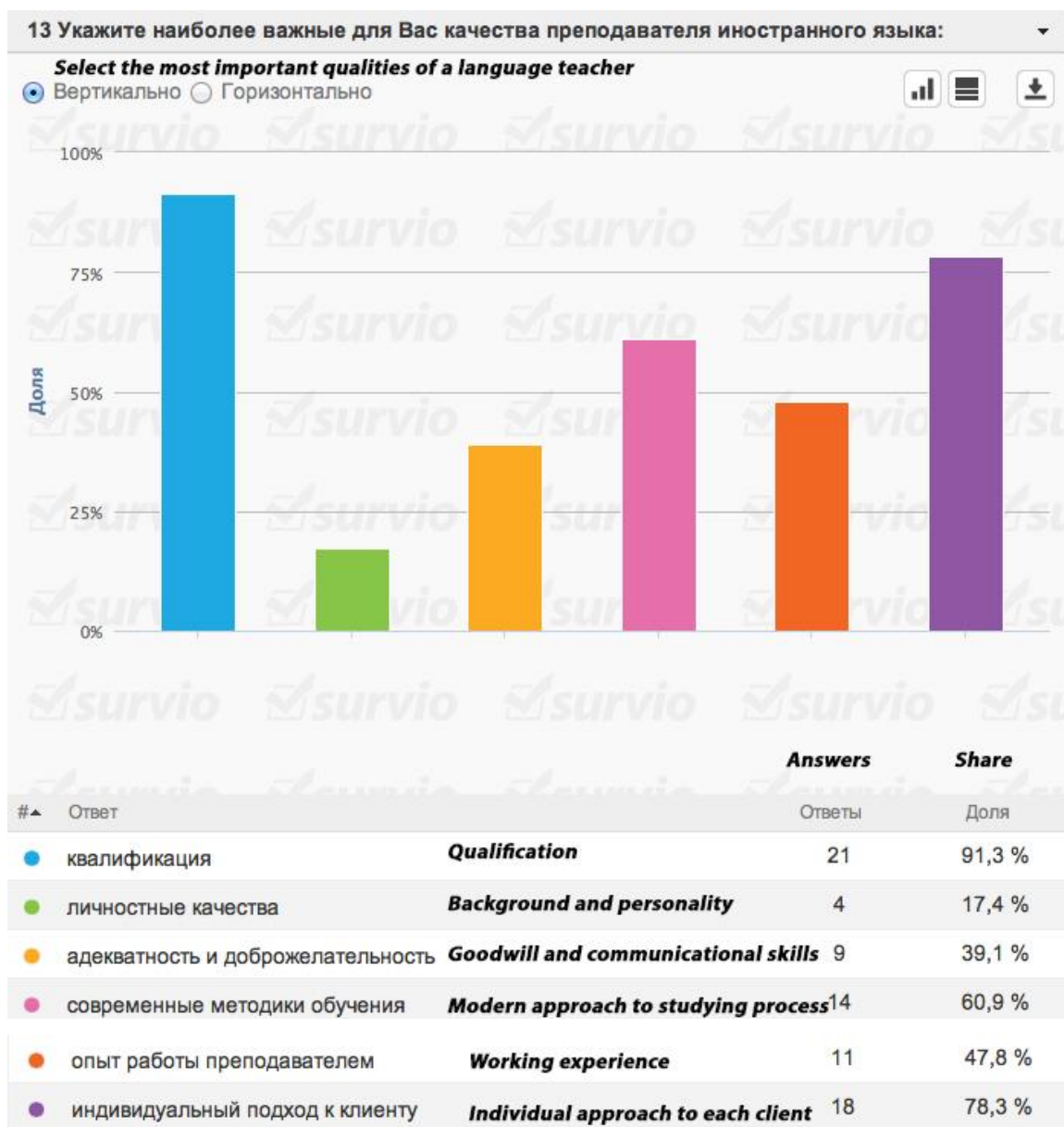


Figure 22.

14 Какое значение для Вас имеет дизайн учебных помещений? Укажите Ваши предпочтения, если такие имеются.

How important to you is the design of the classroom? Indicate any preferences you may have.

Учебное помещение должно быть в теплых тонах, никаких белых/серых стен. Пространство на стенах должно быть заполнено какими-либо тематическими картами/словами/фотографиями и тд. Так же, для создания уюта, желательно наличие мягких полов. (ковер/ковролин и тд). Это придает спокойствие и сконцентрированность.	Считаю, удобнее проводить занятия в офисе, но если в учебном то должно быть просторное и проветриваемое помещение, зрительно притягательное, чтобы было желание вернуться.	Дизайн имеет второстепенное значение, однако, оснащенность аудиторий современным оборудованием, безусловно, будет играть важную роль.	Дизайн не самый важный фактор. Было бы хорошо если бы помещение было светлое, с окнами, не душно, и более или менее современное.
Разумеется, если это класс английского языка, было бы здорово иметь много английских сувениров/премьеров интерьера. Важно создать атмосферу той страны, язык которой вы преподаете.	Предпочтительно использовать наши учебные помещения	Учебное помещение должно быть приятным и современным.	Достаточно проводить занятия в офисе нашей компании. Дизайн переговорных приемлем.
	Важно в первую очередь техническое оснащение.	Современный дизайн является предпочтительным	Удобные рабочие/учебные места для сотрудников.
	Не должно быть дискомфорта.	Просторный, светлый дизайн	Офисный стиль без особых предпочтений
	Светлый чистый кабинет	любая конура подойдет	на мой взгляд не имеет
	Нет предпочтений	минимализм	Должно быть уютно!
Нет.	никакое	Никакое	Не важно

Figure 23.

15 Имеют ли для вас значение интерактивные учебные материалы, сувениры и подарки, получаемые в процессе обучения? Почему?

Is it important to receive additional interactive material, gifts and souvenirs during the study process? Why?

Интерактивные учебные материалы очень важны т.к. они заставляют студента применять свои знания языка. Сувениры и подарки неважны - обычно под сувениры подразумевается какое-то ненужное барахло.	Да, специальные тетради с символикой, например, позволяют правильно систематизировать информацию и хранить ее в одном месте.	Интерактивные учебные материалы. Методика обучения должна идти в ногу со временем.	Конечно. В изучение иностранных языков нужно погружаться, проникаться.
Да, как правило, это очень удобно.	Интерактивное обучение кажется более эффективным.	да, потому что это как маленькие приятные бонусы!	Имеют, если способствуют процессу обучения и мотивируют сотрудников.
Не принципиально.	Да. Так обучаться интереснее.	учебная литература, чтоб деньги свои не тратить)	Да, у всех должна быть мотивация.
нет (5х)	Приятный бонус	Могут быть полезны.	Не имеют значения
	Нет	Не слишком	Не имеет

Figure 24.